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FBIS-EAS-95-082 CONTENTS *28 April 1995*

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NORTHEAST ASIA

Japan

Hashimoto Rejects 'Voluntary Plan' on Autos *[KYODO]* 1
Kantor 'Prepared' To Meet Hashimoto in Canada *[KYODO]* 1
Minister Kamei Expresses 'Frustrations' at U.S. *[KYODO]* 2
MOFA Official Comments on Auto Talks *[MAINICHI SHIMBUN 27 Apr]* 2
Tokyo Rejects U.S. Demand on Wood Market *[KYODO]* 2
Finance Minister Comments on G-7 Meeting *[KYODO]* 3
Impact of G-7 Moves on Exchange Rate Examined *[YOMIURI SHIMBUN 27 Apr]* 3
Government, Ruling Parties on Yen Package *[NIHON KEIZAI SHIMBUN 18 Apr]* 3
Keizai Doyukai Head Opposes Export Restraints *[KYODO]* 4
BOJ Report Allegedly Tolerates Yen Rise *[SHUKAN DAIYAMONDO 6 May]* 4
Consumers Urged To Seek Benefit From High Yen *[KYODO]* 5
Yen Issue Seen Isolating Nation in G-7 Talks *[MAINICHI SHIMBUN 27 Apr]* 5
Murayama, Rybkin Discuss Territorial Issue *[KYODO]* 6
    Rybkin: Pact '95 Percent Complete' *[KYODO]* 6
Talks With Pyongyang Seen Unlikely Before Jun *[KYODO]* 6
Shintaro Ishihara Comments on EAEC Concept *[KYODO]* 7
Lawyers Submit Demand for Chinese War Victims *[KYODO]* 7
Murayama's Speech in China Previewed *[MAINICHI SHIMBUN 28 Apr]* 7
'Watered-Down' JDB Restructuring Plan Approved *[KYODO]* 8
Official on LTCB Disposal of Bad Loans *[KYODO]* 8
Short-Term Money Market Rates Discussed *[KYODO]* 8
Financial Disclosure on Subsidiaries Required *[KYODO]* 9
Association Head on Bank's Responsibility *[KYODO]* 9
GSDF Members Suspected of Aiding Aum *[KYODO]* 10
Aum Shinrikyo, Sarin Connection Discussed *[BUNGEI SHUNJU May]* 10
IHI, Sumitomo To Jointly Design Naval Vessel *[KYODO]* 17
Upper House Approves Chemical Weapons Treaty *[KYODO]* 17
Diet Tightens Firearm, Sword Control Law *[KYODO]* 18
Kamei Urges Continuation of Ruling Coalition *[KYODO]* 18
Aoshima Formally Announces Scrapping Tokyo Expo *[KYODO]* 18
Government Reports on FY94 Unemployment 19
    Rate Up From Year Earlier *[KYODO]* 19
    Pledges To Curb Rate *[KYODO]* 19
Consumer Price Index Up 0.4 Percent in FY94 *[KYODO]* 19
FY94 Housing Starts Up for 3d Year *[KYODO]* 20
Steel Firms Negotiate Markups With Customers *[KYODO]* 20

North Korea

UN Envoy on 'Partially' Lifting Nuclear Freeze *[YOMIURI SHIMBUN 27 Apr]* 21
'Military Pressure' on Nuclear Issue Alleged *[KCNA]* 21
U.S.-ROK Joint 'Air War Drill' Denounced *[KCNA]* 21
ROK Soldiers Urged Against 'War Exercise' *[Pyongyang Radio]* 22
Japan's Position on North-U.S. Talks Criticized *[KCNA]* 23
    'Reactionaries' Said Misbehaving *[Pyongyang Radio]* 23
Kim Yong-sam Advised To 'Act With Discretion' *[KCNA]* 24
Kim Yong-sam Trying To 'Block' Chuche Influence *[KCNA]* 25
Paper Urges Korean Struggle for Reunification *[KCNA]* 25

- Government Delegation Departs for WHO Meeting *[KCNA]* 26
- Secretary Hwang Chang-yop Meets French Guest *[KCNA]* 26
- Kang Song-san Sends Greetings to Finnish Premier *[KCNA]* 26
- Kim Yong-nam Delegation Arrives in Indonesia *[Pyongyang Radio]* 26
- Meeting Marks Togo's Anniversary of Independence *[KCNA]* 26
- Reports on Sports, Cultural Festival Continue 26
  - Chongnyon Journalists Arrive *[KCNA]* 26
  - Tourists Visit Kim Il-song Statue *[KCNA]* 26
  - U.S., PRC Groups Arrive *[KCNA]* 26
  - Koreans in Japan Delegates Arrive *[KCNA]* 27
  - Peace Committee Hosts Reception *[KCNA]* 27
  - Grand Opening of Festival Noted *[KCNA]* 27
- Meeting Held in Peru Honors Kim Chong-il *[KCNA]* 27
- Kim Chong-il Receives Flowers From Thai Guests *[KCNA]* 28
- Kim Chong-il Sends Training Equipment to School *[KCNA]* 28
- Kim Chung-nin at Symposium on Kim Chong-il Work *[KCNA]* 28
- *Editorial Urges Total Unity Around Kim Chong-il *[NODONG SINMUN 5 Jan]* 28
- *Kim Chong-il Work Stresses Ideological Remolding *[NODONG SINMUN 16 Dec]* 31
- Zimbabwean Study Group on Both Kims Formed *[KCNA]* 33
- Kim Il-song Leaflets Said Near ROK Assembly *[KCNA]* 33
- Commercial Envoys Visit Kim Il-song Statue *[KCNA]* 34
- Overseas Figures Mark Kim Il-song Birthday *[KCNA]* 34
- Military Attaches Attend KPA Anniversary Party *[KCNA]* 35
- Establishment of WPK Leadership System Viewed *[KCNA]* 35
- Hydroelectric Plants Register Power Gains *[Pyongyang Radio]* 35
- Three-Revolution Exhibit in Pyongyang Described *[KCNA]* 35
- Sites in 'Major' City of Kaesong Described *[KCNA]* 36

South Korea

- North To 'Partially Defrost' Nuclear Facilities *[YONHAP]* 37
  - U.S. Declines Comment on Report *[YONHAP]* 37
- Gallucci's Remarks on Provision of Reactors Cited *[YONHAP]* 37
- Possible 'Concessions' on Reactors 'Title' Viewed *[HANGYORE SINMUN 28 Apr]* 38
- Editorial Predicts More Dialogue Over Reactors *[HANGYORE SINMUN 28 Apr]* 38
- LG, U.S. Firm Negotiate for Refinery in North *[MAEIL KYONGJE SINMUN 28 Apr]* 39
- PRC Allows Korean Air Flights Through Airspace *[THE KOREA TIMES 28 Apr]* 39
- Total Foreign Debts as of End of Mar Reported *[YONHAP]* 40
- President Mobilizes Officials After Gas Explosion *[YONHAP]* 40
- Prime Minister Yi Offers Government Apology *[YONHAP]* 40
- Firmer Steps Planned Against Gas Pipe Damagers *[YONHAP]* 40
- DLP Decides To Nominate Chong as Candidate *[YONHAP]* 41
- *Conglomerates Said Changing Management Systems *[CHUGAN MAEGYONG 1 Mar]* 41
- *Advancement in Electronics Engineering Reported *[CHONJA KONGHAK Apr]* 43

SOUTHEAST ASIA

Philippines

- Abu Sayyaf Said Gaining Ground in Mindanao *[MALAYA 25 Apr]* 46
- Entry of 'Muslim Missionaries' Restricted *[MANILA STANDARD 25 Apr]* 46
- Romulo To Campaign for OIC Support *[Quezon City Radio-TV]* 46
- Antiterrorism Agreement Reached With Indonesia *[PHILIPPINE DAILY INQUIRER 25 Apr]* 46

Thailand

- Surin To Protest Burmese Incursions at Border *[THE NATION 28 Apr]* 47
- Krasae, Ing Huot Discuss Joint Border Committee *[BANGKOK POST 26 Apr]* 48
- IPR Law Under Revision To Meet WTO Codes *[BUSINESS DAY 27 Apr]* 48
- Organized Crime Involved in Illegal Immigration 49
  - Police Corruption Admitted *[THE NATION 26 Apr]* 49

Nation Termed 'Transit Hub' *[THE NATION 26 Apr]* 50
Cabinet Chief: Law No Impediment to Extradition *[BANGKOK POST 28 Apr]* 51
Editorial Backs Submarine Acquisition by Navy *[BANGKOK POST 26 Apr]* 51
Export, Import Values Rise in 1st Quarter *[THAI RAT 27 Apr]* 52

Vietnam

Medical Supplies Received From U.S. Group *[VNA]* 52
Denmark To Fund Cement, Water Quality Projects *[VNA]* 53
Thailand To Help With Management Training *[VNA]* 53
Health Cooperation Pact Signed With Thailand *[VNA]* 53
Relations, Friendship With Cambodia Reviewed *[Hanoi International]* 54
Radio Highlights Ties to Kuwait, Syria *[Hanoi International]* 54
Agriculture Bank Director on Economic Issues *[VIETNAM ECONOMIC TIMES Apr]* 54
General Luyen Discusses Readiness Training *[TAP CHI QUOC PHONG TOAN DAN Jan]* 56

AUSTRALASIA

Australia

Evans Views UN Role in Peace Building *[Melbourne International]* 59
Keating Offers Standby Troops to UN *[Melbourne International]* 59
Foreign Minister Comments on Ties With Vietnam *[Melbourne International]* 59
Evans Laments Continued Tension in Burma *[BUSINESS DAY 28 Apr]* 59

Japan

Hashimoto Rejects 'Voluntary Plan' on Autos

OW2804033295 Tokyo KYODO in English 0231 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Japanese International Trade and Industry Minister Ryutaro Hashimoto on Friday [28 April] urged the United States to drop its request for Japan to adopt the so-called "voluntary plan" as a way to settle bilateral auto trade talks.

"If the U.S. keeps sticking to the idea, I am sorry to say that the auto talks will be doomed to failure," Hashimoto told a news conference.

"Whether or not the talks will be successful depends solely on Washington's stance on that issue," he added.

The comments were aired amid intensifying frictions on the last unresolved area among the three priority sectors under the bilateral "Framework" trade talks.

Hashimoto and U.S. Trade Representative Mickey Kantor will meet in Canada next Wednesday in a last-ditch effort to wrap up nearly two years of talks.

If the talks are not settled at that meeting, Washington may begin a procedure for sanctions by issuing a list of Japanese items to be subjected to such a step.

At issue is the U.S. demand for voluntary plans by Japanese automakers to purchase foreign-made parts, the concept Tokyo labels managed trade.

Two days of working-level auto discussions ended in Tokyo on Thursday without reaching any accord, with both parties uncompromising on that issue.

Officially, the U.S. has repeatedly said the voluntary plan is outside the scope of its car talks with Japan, a stance that enabled Japan to get back to the negotiation table recently.

Unofficially, however, top U.S. trade officials, including Kantor, have said Washington views a compromise by Japan on the voluntary plan as a prequisite for the talks' success.

Hashimoto said, "Japan has no intention at all of taking up the voluntary plan, either officially or unofficially."

On the prospects for his upcoming auto discussions with Kantor in Canada, Hashimoto said, "We will maximize our efforts to resolve the talks at an early time."

"At present, differences remain but mutual understanding has deepened," Hashimoto said.

The bilateral car talks cover ways to enhance American access to Japan's finished-car and replacement parts markets as well as to the ordinary car parts market.

The Hashimoto-Kantor meeting, will take place alongside the May 3-5 "quad" trade consultations in Whistler, a resort area near Vancouver, and will precede an expert-level session Monday and subcabinet-level talks Tuesday.

On auto trade with Japan, the U.S. has threatened to resort to punitive steps under Section 301 of its 1974 trade law, investigation for which began last October.

Tokyo has clarified its position that it will bring the case to a dispute settlement panel under the World Trade Organization in the event of punitive action by the U.S.

Kantor 'Prepared' To Meet Hashimoto in Canada

OW2804002595 Tokyo KYODO in English 2321 GMT 27 Apr 95

[FBIS Transcribed Text] Washington, April 27 KYODO—U.S. and Japanese Trade Ministers will meet in Canada next Wednesday [3 May] to negotiate on crucial auto trade, the only unresolved area among the three priority sectors under the Bilateral Framework Talks, the U.S. Government announced Thursday.

U.S. Trade representative Mickey Kantor and Japanese International Trade and Industry Minister Ryutaro Hashimoto will get together after an expert-level session on Monday and subcabinet- level talks on Tuesday, Kantor's office said in a statement.

Kantor and Hashimoto are expected to meet in Vancouver or at Whistler, a resort area near Vancouver. The two trade leaders are to visit the resort town to join their Canadian and European Union counterparts for a May 3-5 "quad" trade consultation.

The bilateral subcabinet and expert-level talks will take place in Vancouver, U.S. Commerce Department and Japanese diplomatic officials said.

The talks come on the heels of two days of working-level discussions in Tokyo that ended Thursday with the two parties remaining at odds, particularly over the U.S. demand for "voluntary" plans by Japanese automakers for purchasing foreign parts.

With Kantor and Hashimoto set to discuss the auto sector directly, attention shifts to how the two ministers will politically resolve disputed issues led by the voluntary plans to avoid U.S. Section 301 sanctions against Japan.

Before the Tokyo expert-level talks, Hashimoto told reporters that he would decide on whether to meet Kantor after observing the results, and he reiterated his strong objection to the U.S. demand for the purchase plan.

He also slammed U.S. retaliatory threats, stressing that Japan would immediately file a countercomplaint with the new multilateral watchdog World Trade Organization [WTO] if the U.S. announces a list of items for unilateral sanctions.

Last October, after the bilateral auto trade talks ruptured, Washington initiated a yearlong investigation, under section 301 of a trade law, on Japan's replacement parts market to sort out items for possible sanctions.

Meanwhile, Kantor in his latest remarks has apparently toned things down, stressing last week that he wants to resolve the auto trade talks through negotiations and is "prepared" to meet with Hashimoto.

Earlier this week, Kantor repeated that the U.S. will use "other options" if the auto talks fail, but he noted the options are not necessarily sanctions.

Minister Kamei Expresses 'Frustrations' at U.S.

OW2804020295 Tokyo KYODO in English 0116 GMT 28 Apr 95

["Transport Minister Says U.S. Using Japanese as Slaves"—KYODO headline]

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Transport Minister Shizuka Kamei expressed his frustrations in candid words that the United States has neglected to take effective measures of defending dollars [as received] in a Tokyo speech Thursday [27 April].

"Figuratively speaking, (the U.S.) had an era in which black slaves were bought and brought from Africa and produced wealth," Kamei said.

"Now, there are the Japanese who can be used easily as very diligent slaves, so if you say 'isn't there some way to readily use them,' we have lately seen the suspicious response 'aren't they being used'," Kamei said.

He apparently indicated the U.S. of holding the Japanese in contempt in referring to its failure to protect the dollar from its rapid decline against the yen. [sentence as received]

Further, the transport minister suggested that the U.S., "the most free country we rely upon," has lately become cold toward Japan.

"This may be like the complaint of a woman cast aside, but I have such feeling slightly," Kamei said.

Kamei said Friday at a press conference that he made the remarks off the record. He also said he did not assume that what he said would be reported to the United States.

The minister pledged he will not use such 'figurative' expressions at public and official functions.

On Friday, Kamei met Chief Cabinet Secretary Kozo Igarashi and Foreign Minister Yohei Kono in the Diet and apologized for his controversial remarks, government officials said.

Kamei said his remarks were inappropriate and promised not to repeat such expressions. Igarashi acknowleged Kamei's explanations, the officials said.

Later Igarashi briefed Prime Minister Tomiichi Murayama on Kamei's explanation.

Murayama told Igarashi that cabinet ministers should be careful in making remarks.

MOFA Official Comments on Auto Talks

OW2704113895 Tokyo MAINICHI SHIMBUN in Japanese 27 Apr 95 Morning Edition p 9

[FBIS Translated Text] On 26 April, a senior official of the Ministry of Foreign Affairs [MOFA] commented on the auto and auto parts negotiations of the Japan-U.S. framework economic talks, saying that "Japan should be respectable" if it wants to present a case to the World Trade Organization (WTO). The MOFA official explained his view that it would be good policy to show measures of improvement soon because the WTO's Grievance Committee may conclude that Japan's deregulation measures regarding replacement auto parts are not sufficient.

Tokyo Rejects U.S. Demand on Wood Market

OW2804123595 Tokyo KYODO in English 1221 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The United States is intensifying efforts to enlarge its already large position in the Japanese wood products market, but Japan is rejecting any new market-opening steps, officials said Friday [28 April].

In two days of Tokyo talks under a 1990 bilateral accord, U.S. negotiators praised the steps Japan has taken in cutting tariffs and deregulating but pressed for more, with the hint of trade sanctions hanging over the talks, a U.S. official said.

But Japan rejected any talk of new commitments, said a Japanese forestry official, who, like his counterpart, briefed reporters on condition of anonymity.

"The items of the agreement are either in effect or are being put into effect," said the official of the Farm Ministry's Forestry Agency. "Any discussions of things outside the agreement would require starting new negotiations between the two governments."

But for the U.S., progress on the five-year-old accord has not been satisfactory and the Thursday and Friday talks were a chance to "revitalize" the agreement to boost U.S. wood exports.

At the U.S. side's request, the talks will resume probably within a few months although no date has been set, the American official said.

"Progress has been made," but "serious obstacles remain," the official said. To improve market access and expand Japan's use of U.S. products, the U.S. wants tariff cuts and reclassification, eased building and wood-product standards and reduced domestic subsidies.

The talks ended on that discordant note, with the Japanese side saying the purpose of the "consultations" is simply to monitor the implementation of the 1990 accord, the Japanese official. But many in Japan worry about the implicit sanctions threat looming over the talks.

The Office of the U.S. Trade Representative last October placed Japanese wood products on a "watch list" for possible future retaliation under "Super 301" provisions of a U.S. trade law. The watch list designation will be reviewed in the fall.

Although the U.S. holds a quarter of Japan's wood products market, it finds some tariffs and regulations "onerous" and wants "quite significant gains" in value-added wood products, as 70 percent of the 4 billion dollars' worth of annual U.S. wood exports to Japan is in logs, chips and other raw material, the U.S. official said.

He added, however, that the U.S. is not seeking targeted increases.

Besides tariff cuts under the Uruguay round of global trade talks, Japan has agreed to streamline some agricultural standards and has loosened some curbs, such as allowing the construction of three-story wooden housing.

But the U.S. wants all "prescriptive" standards changed to "performance" ones, so that wood products would not be banned outright from use for a given building purpose as long as they meet performance-based criteria.

Finance Minister Comments on G-7 Meeting

OW2804120995 Tokyo KYODO in English 1140 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Cooperation between the Group of Seven (G-7) major industrial nations continues to work although their latest meeting failed to offer concrete steps to stem the dollar's persistent slide, Finance Minister Masayoshi Takemura said Friday [28 April].

Meeting reporters upon his return from the meeting in Washington of finance ministers and central bankers of the G-7 countries, Takemura said U.S. Treasury Secretary Robert Rubin expressed the U.S. Government's determination to reduce its fiscal and trade deficits.

In addition, Japan's efforts to expand domestic demand and open its markets to imports were appreciated by other G-7 members, Takemura said.

"The G-7 remains effective and continues functioning," he said.

The G-7 statement saying that the "reversal" of recent developments in exchange markets is "desirable" is a "clear and definite message," Takemura said. The 1995 Plaza Accord on the stabilization of exchange rates was not so clear, he added.

Takemura also said that during the G-7 session, he called on other participants to utilize interest-rate policies and market intervention, when necessary, as a short-term step to stabilize exchange rates.

The G-7 countries are Japan, the United States, Germany, Britain, France, Italy and Canada.

Impact of G-7 Moves on Exchange Rate Examined

OW2804083195 Tokyo YOMIURI SHIMBUN in Japanese 27 Apr 95 Morning Edition p 7

[Summary of remarks by Yoshio Suzuki, managing director of Nomura Research Institute, in an interview by unidentified YOMIURI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] Concerning the issue of correcting the yen-dollar exchange rate, there are negative views in the market [on the result of the Group of Seven (G-7) meeting of finance ministers] that "concrete policies to hike interest rates and reduce the U.S. financial deficit have not been announced."

Japan and Germany have already announced concrete emergency measures regarding yen appreciation and interest rate hikes. Although it was the United States' turn, it must have been difficult to include U.S. policies in the G-7 meeting's joint statement because such action could be regarded as interference in the internal affairs of another country.

What should be regarded as positive in the meeting is the fact that the participants engaged in in-depth discussions not only on monetary policies, such as coordinated intervention in the exchange market, but also on financial policies of each nation. The member nations agreed that a deficit-ridden country such as the United States should make efforts to reduce its deficit, and a surplus country like Japan should try to cut its surplus.

From developments in the last 10 years since the Plaza Accord was signed, it is clear that the only things G-7 nations can do are coordinated intervention and mutual policy monitoring. Since the recent G-7 meeting reaffirmed both of these, the exchange market will not be effected either positively or negatively.

The exchange market is now interested in the timing of the U.S. Congress' adoption of concrete measures for reducing the financial deficit and of the announcement of interest rate increases. Once one of the two measures is implemented, it is certain that the exchange market will move toward dollar appreciation.

Government, Ruling Parties on Yen Package

OW2804082795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Apr 95 Morning Edition p 2

[FBIS Translated Text] Irritation is building within the government and ruling parties because the emergency package of yen-curbing and pump-priming measures has failed to generate the desired effect. Chief Cabinet Secretary Kozo Igarashi stressed: "The government will steadily implement its emergency package." In this way, the government is frantically trying to get rid of the impression that the emergency package has failed to generate the desired effect. Many in the ruling parties are criticizing the emergency package as inadequate. On the evening of 17 April, Koichi Kato, chairman of the ruling Liberal Democratic Party's Policy Research Council, called on the prime minister at the latter's official residence in Tokyo to discuss ways to deal with the criticism. Announcing the package, the Murayama Cabinet has called it a "comprehensive wide-ranging package," but under present circumstances, it is hard for the cabinet to unveil an additional package of measures to halt the yen from further surging and to stimulate the economy. In reality, the Murayama Cabinet is in a very difficult position.

Asked by reporters how the government will deal with the sharply appreciating yen at a news conference on the morning of 17 April when the yen bounced back to 81 yen to the dollar, Chief Cabinet Secretary Kozo Igarashi expressed the hope that the people will watch how the emergency package generates effects in the medium and long term by saying: "The government will not be preoccupied with the daily rise and fall of the yen, but....." He also added that "the government has been unwilling to map out an emergency package" to hurriedly deal with the sharp rise in the yen and stimulate the economy.

Keizai Doyukai Head Opposes Export Restraints

OW2704125795 Tokyo KYODO in English 0858 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—The newly installed head of an influential business group Thursday [27 April] voiced his opposition to calls for voluntary export restraints by Japan to stem the continued appreciation of the yen.

The yen's rise should be dealt with by increasing imports instead of curbing exports, Jiro Ushio, chairman of the Japan Association of Corporate Executives [Keizai Doyukai], told reporters.

To cope with the strong yen, Japanese companies should raise the ratio of yen-denominated exports, Ushio said. There will be companies that will see their exports decline as a result, he added.

With regard to a proposal that Japan should set a numerical target for reducing its current-account surplus, Ushio, also president of Ushio Inc., said the currency market situation will remain unchanged unless Japan declares that it will halve the surplus in several years.

The statement is taken to mean that Japan should set a goal of cutting by half the ratio of its current-account surplus to its gross domestic product.

BOJ Report Allegedly Tolerates Yen Rise

OW2804095195 Tokyo SHUKAN DAIYAMONDO in Japanese 29 Apr, 6 May 95 (combined issue) p 17

[Unattributed article from the "Business Inside" column: "Does the Bank of Japan Really Think That the Current Yen-Dollar Exchange Rate Is Tolerable?"]

[FBIS Translated Text] The Murayama government recently announced an emergency economic-stimulus package to cope with the higher yen, while the Bank of Japan [BOJ] finally decided to cut the official discount rate. Meanwhile, during their recent bilateral meeting, Japanese Finance Minister Masayoshi Takemura and U.S. Treasury Secretary Robert Rubin shared the view that the yen's current appreciation against the dollar was excessive. For all that, the yen continued to rise against the dollar, as if it were laughing at these efforts to stem a further surge in the yen. Amid the yen's incessant appreciation, there is a story circulating in New York that the BOJ has compiled a report in which it said the yen's current surge was tolerable.

According to New York market sources, the BOJ report says that there is no problem even if the dollar momentarily trades in the range of 78 to 82 yen. This story was first heard on 21 March. The BOJ New York branch office's telephone lines were immediately kept busy with inquiries from reporters and currency traders.

As a matter of course, the branch office promptly answered that the BOJ had never compiled such a report. The story rested there for a while. However, as the yen continued to rise against the dollar, New York dealers began to talk about it once again.

When the story spread on 21 March for the first time, the dollar was still quoted at around 89 yen. However, the dollar continued its free fall and dropped to an unbelievable record low of 79.75 yen on the Tokyo market during the April 19 morning session. The strange thing was that the yen-dollar exchange rate came exactly within the range mentioned in the said report. Meanwhile, the BOJ waited until 14 April to announce the long-awaited cut in the official discount rate. These facts added credibility to the story about the BOJ report.

"What would happen to the Japanese economy if the dollar were to trade in the 78-82 yen range?" It is possible that the BOJ had privately studied this question and that the results of its study had leaked out in the form of a report, giving rise to a story that the BOJ was tolerating the current appreciation. However, this is mere conjecture.

In any case, what is certain is that the currency market is now so destabilized that people tend to accept even a trifling story as true.

Consumers Urged To Seek Benefit From High Yen

OW2804044995 Tokyo KYODO in English 0300 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The head of the Economic Planning Agency (EPA) said Friday [28 April] that consumers should act price-consciously so to accelerate the passing on to them by industries of some of the benefits from the yen's surge against the dollar.

Speaking at a press conference after the day's cabinet meeting, Masahiko Komura, director general of the EPA, said he urged other cabinet members at the meeting to encourage responsible industries to pass on to consumers the high-yen benefits as early as in May.

Komura said, however, that consumers, by acting "wisely," will be more effective than the government in bringing back the benefits.

This was proved by the fact that such passing on of windfall profits went much smoother in the high-yen phases last year than at the time when the yen rose sharply after the so-called "Plaza Accord" in 1985, Komura said.

Asked about the Aum Shinrikyo religious sect incident, Komura said, "it is a minus for the economy, because people do not go out shopping as they want to watch TV programs."

Police have mounted massive raids on the sect since the March 20 sarin gas attack on the Tokyo subway system, which killed 12 people and injured over 5,000.

The Japan Department Stores Association reported the previous day that sales at its members' stores fell in March for the 37th consecutive month of declines from year-earlier levels.

Yen Issue Seen Isolating Nation in G-7 Talks

OW2804083095 Tokyo MAINICHI SHIMBUN in Japanese 27 Apr 95 Morning Edition p 9

[Article by Yoshiyuki Itsumi in Washington: "Japan Totally Isolated; Problem Is How To Internationalize Yen Currency"; part one of series entitled "Make-Believe Cooperation in G-7"]

[FBIS Translated Text] "This event may be called the Blair Accord." So whispered happy officials of the Finance Ministry and Bank of Japan following the meeting of finance ministers of central bank governors of seven industrialized nations (G-7) in Washington on 25 April.

The name comes from the name of the building, "Blair House," where the meeting was held. The happy mood came from self-laudatory thinking. According to Finance Minister Masayoshi Takemura, it was "epochal" that, for the first time in two years, these countries arrived at an agreement and, in a joint statement, declared that "it is desirable to reverse in an orderly manner" the current condition of the strong yen and cheap dollar.

The Plaza Accord, which was concluded in September 1985, initiated a move toward correcting the excessively strong dollar. The statement issued by finance ministers and central bank governors of five industrialized nations (G-5) at that time did not refer to specific ways to correct the problem either. However, what made the situation in that case markedly different from the recent situation of the yen being too strong was that all the nations did actually try to maneuver the exchange markets through their own policies and that the markets went along with such maneuvering. But this time, the exchange markets are running wild, and the governments are in pains over the problem of how to deal with them.

At the time of the Plaza Accord, the Reagan administration, which had until then pushed for the strong dollar policy, made it clear that it was changing and correcting that policy. However, this time, everyone knows that the Clinton administration intends to be only social [otsukiai] and not take any action. There is a lot of difference between cooperation that is accompanied by actions and a cooperation that is only for "make-believe."

In the G-7 conference, European countries like Germany strongly urged the United States take actions to correct the cheap dollar problem. It was because the cheap dollar was driving their export businesses to reduce their workers and there was growing concern that the European Exchange Rate Mechanism (ERM) might be shaken up. The European countries did not do that on behalf of the "yen."

The industrialized nations always give top priority to their own economic policies. This means that in Europe, where the dollar has not fallen as much as in Japan, there is no such pathetic feeling about the problem. As such, it is eminently clear that Japan is fighting alone "to overcome the strong yen" problem. The fact that Japan's current-account surplus has not decreased but increased instead in the 10 years since the Plaza Accord's conclusion is also working to isolate Japan.

Japan may be desperate to address the strong yen problem, but the Finance Ministry and Bank of Japan are cool, and their real position is one of wanting to say: "Let us stop lamenting the strong value of our own currency." "Internationalizing the yen" is a medium- and long-term task in addressing the strong yen problem, and it also means Japan economically distancing itself from the United States. That will naturally contribute to making the yen less liable to be influenced by the exchange market.

However, the yen's internationalization is not so easy to achieve. To take the issue of invigorating the short-term government bond market for instance, the Finance Ministry will face the problem of having to ease regulations and to reform systems relating to taxation and fund procurement. There will also be the diplomatic question of what distance Japan should keep with the United States.

That the G-7 is coming to lose its functions can be considered a process of the United States transforming into an "ordinary country" from a superpower that has cared for the world order in the post- Cold War world. It can be said that the surging yen is now quietly forcing Japan to choose which way to take in that process.

Murayama, Rybkin Discuss Territorial Issue

OW2804063695 Tokyo KYODO in English 0422 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Ivan Rybkin, Chairman of the Russian Parliament's lower chamber, agreed Friday [28 April] with Prime Minister Tomiichi Murayama on the need to find a solution based on law and justice to their nations' bilateral territorial dispute, a foreign ministry official said.

Rybkin and Murayama agreed during a 15-minute meeting that Japan and Russia should work to solve the decades-long row over the four Russian-held islands north of Hokkaido and conclude a peace treaty, the official said.

Murayama underscored the need to make progress through specific steps based on the Tokyo Declaration signed in 1993 when Russian President Boris Yeltsin visited Japan, the official said.

Tokyo and Moscow have been unable to sign a peace treaty since the end of World War II because of the dispute over Etorofu, Kunashiri, Shikotan and the Habomai group of islets seized by the former Soviet Union at the end of the war.

Japan claims sovereignty over the islands and has been demanding their return.

Murayama also told Rybkin that the complete normalization of ties between Japan and Russia will greatly contribute to the peace and stability of the Asia-Pacific, the official said.

Rybkin was quoted as saying Russia wants to boost cooperative relations with Japan in various fields.

He also called for the early establishment of a government-level economic committee to discuss bilateral trade and economic issues.

Tokyo and Moscow agreed last year to set up such a committee, with Russian First Deputy Prime Minister Oleg Soskovets and Japanese Foreign Minister Yohei Kono as its co-chairmen.

Rybkin is on a three-day visit to Japan through Saturday at the invitation of the Japanese Diet. He will hold a press conference later on Friday.

Rybkin: Pact '95 Percent Complete'

OW2804121795 Tokyo KYODO in English 1043 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Ninety-five percent of the compiling process of a peace treaty between Japan and Russia has already been completed, the chairman of the Russian parliament's lower chamber said Friday [28 April].

Speaking at a press conference at the Japan National Press Club, Ivan Rybkin quoted Russian Deputy Foreign Minister Aleksandr Panov as saying Tokyo and Moscow have already completed 95 percent of the contents of the peace treaty during deputy foreign ministerial-level negotiations.

Rybkin, chairman of the State Duma, said such a view is shared by Japan as well.

But a Japanese Foreign Ministry official denied such progress has been made in the bilateral negotiations to conclude a peace treaty.

Tokyo and Moscow have been unable to conclude a peace treaty since the end of World War II because of the decades-long territorial dispute over four islands off Japan's northernmost island of Hokkaido.

The islands—Etorofu, Kunashiri, Shikotan and the Habomai Islets—were seized by the former Soviet Union at the end of World War II. Japan, claiming sovereignty over the islands, has been demanding their return.

Rybkin said he believes the unsettled problems between Japan and Russia can be solved through increased political dialogue.

On other topics, Rybkin criticized moves to focus on Russian ties with the Japanese religious cult Aum Shinrikyo suspected of having produced the same kind of deadly poison gas as used in a deadly attack on Tokyo subways in March.

"Russia intends to cooperate with the Japanese police on the problem," he said. "But the root of the problem lies within Japan."

He said, however, that Russian politicians who are rumored to have had ties with Aum "lacked insight."

Rybkin is on a three-day visit to Japan through Saturday at the invitation of the Japanese Diet.

Talks With Pyongyang Seen Unlikely Before Jun

OW2804091295 Tokyo KYODO in English 0843 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—A nuclear dispute between the United States and North Korea is casting a cloud over the resumption of normalization talks between Tokyo and Pyongyang, making it likely that they will be delayed until June or afterward.

Foreign Ministry officials have not formally linked the resumption of normalization talks with progress in the Washington-Pyongyang talks on the type of nuclear reactors to be supplied to North Korea in exchange for Pyongyang's freeze on its nuclear program.

"They are not directly linked," Vice Foreign Minister Kunihiko Saito said.

But a senior ministry official has privately questioned resuming the stalled normalization talks with North Korea when the U.S. and North Korea remain at odds over the nuclear issue.

"I wonder if it is good for Japan and North Korea to move toward normalizing (diplomatic) relations when North Korea is using brinkmanship in negotiating with the U.S.," the official said.

Foreign Minister Yohei Kono has acknowledged that Japan is paying attention to the U.S.-North Korean talks. "We are preparing to resume normalization talks with Pyongyang while casting a glance at the U.S.-North Korean talks," he said.

Japan's ruling coalition and Pyongyang's governing party, the Workers' Party of Korea, agreed to urge their governments to resume normalization talks soon late last month when a coalition mission visited Pyongyang.

Japanese and North Korean diplomats had informal talks in Beijing in mid-April on resuming talks and Tokyo is awaiting a reply from the north.

Tokyo and Pyongyang began talks on normalizing ties in early 1991, but they broke down in late 1992 when North Korea rejected Tokyo's demand for information about a Japanese woman allegedly kidnapped by North Korean agents.

Shintaro Ishihara Comments on EAEC Concept

OW2804081595 Tokyo KYODO in English 0637 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The East Asian Economic Caucus (EAEC) proposed by Malaysian Prime Minister Mahathir Mohamed is crucial to Japan, former Diet member Shintaro Ishihara reiterated Friday.

Ishihara, who recently resigned as a House of Representatives member after 25 years in the lower house, made the assertion at a press luncheon.

Co-author of the controversial book, "the Japan that can say no," Ishihara, 62, said Mahathir is disillusioned with Japan's reluctance to join the EAEC.

The EAEC would embrace such Asian economies as China, South Korea, Japan, Hong Kong and Taiwan as well as the six member states of the Association of Southeast Asian Nations to promote regional trade and investment.

The United States has criticized the project as carrying the danger of forming an exclusive trading bloc from which it and other Pacific Rim nations could be shut out.

No Japanese politician has shown interest in such an important idea as launching the EAEC, Ishihara said, citing it as a reason for his quitting parliament.

Lawyers Submit Demand for Chinese War Victims

OW2704070095 Tokyo KYODO in English 0451 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—Lawyers submitted a demand to the Japanese Government Thursday [27 April] seeking 20 million yen in compensation for each of 41 Chinese or their bereaved family members for suffering inflicted upon them by the Japanese Imperial Army in wartime.

The lawyers group, which has been to China to assess the situation of the war victims, submitted the formal demand to chief cabinet secretary Kozo Igarashi on behalf of the Chinese wartime victims.

The Chinese claimants include women who were forced into Japanese military brothels, people who were used as guinea pigs by the notorious Germ Warfare Unit 731, former forced laborers, victims of the 1937 Nanjing Massacre and other war victims.

It is the first time for Chinese war victims to file a demand for compensation directly with the Japanese Government.

Since the government is unlikely to recognize the demands, however, it appears almost certain that the group will take their case to court, the lawyers said Wednesday.

The lawyers group requested that the government respond to the demand by the end of May.

"In principle, this is an issue for the Foreign Ministry to handle, but because it is a serious issue, we want to watch it closely in the government," said Takuya Kawai, aide of the chief cabinet secretary.

Prime Minister Tomiichi Murayama is scheduled to visit China next week.

The Chinese have indicated they are opposed to the Japanese Government's plan to set up a private fund to pay compensation to former "comfort women," as Japan calls the former sex slaves.

Murayama's Speech in China Previewed

OW2804130795 Tokyo MAINICHI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama will express his historical recognition of the 50th anniversary of the end of World War II at the upcoming Japan-China summit. On 27 April, a government source revealed the details of his remarks. The prime minister touched on this issue in his policy speech made immediately after taking office as prime minister last July and in his 31 August 1994 address. During this visit, citing those speeches, Murayama will say that "Japan's actions, including aggression and colonial rule, caused unbearable suffering and sorrow for many people."

He will express his view at meetings with state President Jiang Zemin and Premier Li Peng scheduled for 3 May, as well as at a 4 May news conference. The question of presenting the historical recognition during the prime minister's visit to China correlates to another question regarding the "Diet resolution" on the 50th anniversary of the end of the war. The Liberal Democratic Party [LDP] has opposed using the expressions "colonial rule" and "aggression" in the Diet resolution.

In considering such a circumstance, Murayama plans to express his historical view, in his visit to China, with the wording, which has already been used in his policy speech and comments. Thus, he seems to want to restrain the LDP's moves concerning the Diet resolution issue by using the expressions in his speeches to foreign countries.

However, the prime minister plans not to use "renunciation of war" to prevent further escalating LDP opposition. The likely expression at present is: "Learning from experiences during the war, Japan will part from militarism and follow the path toward a pacifist country in the future."

'Watered-Down' JDB Restructuring Plan Approved

OW2804093195 Tokyo KYODO in English 0835 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—A panel of the ruling coalition Friday [28 April] approved a watered-down restructuring plan for the government-backed Japan Development Bank (JDB), coalition officials said.

The plan called on the JDB to scale back its annual loans to about 1 trillion yen, the level that prevailed before the start of the highly speculative "bubble economy" in the late 1980s, from the present 2 trillion yen.

However, the plan failed to incorporate numerical targets for the bank's lending operations and other specifics that were contained in an initial proposal, the officials said.

Panel members of the Liberal Democratic Party (LDP) urged that such specifics be dropped from the plan, the officials said.

The plan will be submitted to the government after the "Golden Week" holidays of the first week of May, the officials said.

Official on LTCB Disposal of Bad Loans

OW2804104095 Tokyo KYODO in English 1009 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Disposal of bad loans by the Long-Term Credit Bank of Japan (LTBC) is progressing smoothly, new LTCB President Katsunobu Onogi said in a recent interview with KYODO NEWS SERVICE.

"We are not making haste to dispose of bad loans because nearly 50 percent of them have already been liquidated," he said, noting that 20-30 billion yen's worth of such debts were written off in fiscal 1994, which ended March 31.

Onogi predicted that emphasis will be laid on trimming loans for which interest payments have been either exempted or reduced.

Onogi formally took over LTBC's chief executive post Friday from Tetsuya Horie, who resigned to take the blame for the bank's links to a scandal involving the bankruptcies of two credit unions in Tokyo, Tokyo Kyowa Credit Association and Anzen Credit Bank.

Onogi said the LTBC should share the burden of liquidating the debts left behind by the two credit unions and transferred to a newly established institution, Tokyo Kyodou Bank.

"I think it is important to preserve the financial system in dealing with this case, and the long-term credit bank should carry a fair share of the burden to discharge its social responsibility," he said.

Tokyo Kyodou Bank was launched in January with funds from the LTCB and other commercial banks and financial institutions.

A contribution to the bank of 30 billion yen by the Tokyo Metropolitan Government is stalled due to opposition by the capital's new governor Yukio Aoshima.

Referring to the reorganization of Japan's financial market, Onogi stressed the importance to individual banks of strengthening their particular expertise in order to increase their international competitive power.

He said, "mergers will not be the only answer" to new challenges, apparently referring to a merger planned between Mitsubishi Bank and the Bank of Tokyo early next year.

Onogi said the LTCB will seriously tackle issues such as the effects on Japanese industry of the strong yen, structural reform of the domestic economy, and risk management when trading in new financial products such as derivatives.

Short-Term Money Market Rates Discussed

OW2804062095 Tokyo KYODO in English 0246 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Short-term money market rates stayed flat in Tokyo on

Friday [28 April] morning because the Bank of Japan took action aiming to curb rate rises, money brokers said.

In interbank trading, the unsecured overnight call money rate stood at between 1 10/32 percent and 1 11/32 percent, compared with the central rate of 1 10/32 percent Thursday.

On the open market, the rate on three-month certificates of deposit (CDs) was quoted at 1.32-1.37 percent, compared with 1.35 percent, at which the CDs changed hands Thursday.

Because demand for funds is strong ahead of the "Golden Week" holiday, the unsecured overnight call money rate is expected to edge up, a broker at a trust bank said.

Reflecting the yen's decline against the dollar, the rate on the benchmark December contract of three-month Euroyen rate futures rose 0.02 percentage point to 1.64 percent.

The Bank of Japan called in loans worth 700 billion yen from commercial banks, against the projected fund surplus of 660 billion yen for the day.

As of Thursday, reserves built up by commercial banks in the central bank's coffers were 370 billion yen above requirements.

Financial Disclosure on Subsidiaries Required

OW2704125395 Tokyo KYODO in English 1000 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—Japanese companies are being required to make full financial disclosure on the operations of all of their subsidiaries, beginning with their consolidated financial statements for the year ended March 31, according to government officials.

Revised Finance Ministry standards require that consolidated financial statements in principle cover all domestic and foreign subsidiaries.

Under old standards, consolidated financial statements did not have to cover subsidiaries whose total assets, sales and net profit all remained less than 10 percent of the respective aggregate figures for the parent company and all consolidated subsidiaries.

There has been pressure on Japan in international negotiations to require full disclosure on the operations of both the parent company and all subsidiaries to conform to international standards.

The officials noted that in western countries, consolidated financial statements are given more credence than unconsolidated ones.

Under the new standards, Toshiba Corp., for example, is to cover 294 subsidiaries in its consolidated financial statements for the last business year, up from 138 the previous year, company officials said.

Likewise, similar statements to be released by Nippon Steel Corp. will cover about 210 subsidiaries, up from 54.

Association Head on Bank's Responsibility

OW2804104295 Tokyo KYODO in English 1001 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Tooru Hashimoto, new chairman of the Federation of Bankers Association of Japan, said in an interview with KYODO NEWS SERVICE that financial institutions should first rely on themselves before counting on public money in their financial crisis.

Hashimoto is also president of Fuji Bank. The following are questions and answers concerning recent banking industry trends.

—What is your basic opinion regarding the rescue of financially troubled financial institutions?

"So far, partner companies which have a close relationship with a troubled financial institution have been the first to rescue it, and other financial aid has been provided by deposit insurance.

"Recently, however, the financially troubled credit unions—Tokyo Kyowa Credit Association and Anzen Credit Bank—were integrated into Tokyo Kyodou Bank, a publicly funded rescue vehicle, with support from the Bank of Japan. I know there is criticism mounting about this case, but I think they had no alternative step which would maintain current financial stability."

"In the future, similar cases may take place. But we should not have the idea of depending first on public money. Instead, we have to seek our own ways to cope with such troubles by standing on our own responsibility."

—How do you see the planned merger between Mitsubishi Bank and the Bank of Tokyo?

"The matching itself did not surprise me. But I feel that a very powerful rival has appeared and our bank should go all out to compete with it. (In our industry,) to merge with other banks is an option of managerial strategy which we should bear in mind at all times. Every commercial bank may look positively toward a merger if there is an opportunity."

—There are as many as 11 commercial banks in Japan. Don't you think integration is necessary?

"There are some 150 institutions in Japan which have the term of "bank" in their company names. But in the United States, there are more than 10,000 "banks." I believe the current Japanese situation is fine.

"What is important is whether the mergers are meaningful or not. If you only talk about the scale of a merging case, such merging activity should be of less significance.

But the merger between Mitsubishi Bank and the Bank of Tokyo, when materialized, will be the creation of a super bank in which both the two banks can compliment each other's operations."

—How do you call for an authoritative body to review the current postal savings operation?

"The current postal savings have gone too far to be expanding endlessly from its original purpose of providing small-lot savings services (for consumers). Some financial instruments of postal savings have higher interest rates than those of commercial institutions. That is irrational and needs to be corrected. I want to study how the postal savings system can be reviewed.

GSDF Members Suspected of Aiding Aum

OW2804080795 Tokyo KYODO in English 0731 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Police arrested a Ground Self-Defense Force (GSDF) sergeant who belongs to the religious cult Aum Shinrikyo on Friday [28 April] on suspicion of attacking its Tokyo headquarters with a firebomb March 19, possibly on orders from the sect.

The Defense Agency earlier Friday dismissed the sergeant, Takahisa Shirai, 25, for the alleged attack and providing GSDF information to Aum.

Police suspect that Shirai, a member of a GSDF airborne brigade stationed in Narashino, Chiba Prefecture, attacked the facility in Tokyo's Minami-Aoyama with several other cult followers.

Nobody was injured in the attack although a sheet of glass at the building's entrance broke and two cardboard boxes burned.

When the attack occurred, two handbills denouncing the sect and its leader Shoko Asahara were left in front of the Aum headquarters.

The agency also suspended from duty for 30 days Shinya Asano, 26, another GSDF sergeant who is an Aum member, for allegedly leaking GSDF information to the sect.

Asano submitted his resignation to the GSDF, which was accepted immediately, agency officials said.

Shirai told GSDF investigators that he and several other Aum members conducted the bomb attack under the instructions of the group's intelligence unit team leader and that in early April he gave GSDF information to the editor of an aum publication, defense officials said.

Shirai said there was no other SDF member in the team attacked the Aum facility, they said.

Although Aum denies its existence, police suspect the sect has an "intelligence ministry" which engages in gathering information on defecting sect members or perceived enemies.

Police suspect the ministry is headed by Yoshihiro Inoue, 25, on the police's wanted list in connection with the February abduction of Kiyoshi Kariya, 68, a public notary clerk in Tokyo's Meguro Ward, apparently to prevent him from helping his sister extricate herself from the sect.

Police believe the firebomb attack, which took place the day before the March 20 nerve gas sarin attack on Tokyo's subway system which killed 12 people, was aimed at making the sect look like the victim of an attack to evade police investigation of the cult.

Police suspect the cult produced sarin at its chemical complex in the village of Kamikuishiki, Yamanashi Prefecture, at the foot of Mt. Fuji. The cult has said the claim is untrue.

Less than an hour before the bomb attack on the Aum facility, an apparent minor explosion took place at a Tokyo apartment building where a religious researcher supporting Aum used to live, police sources said. Police suspect there are links between the incident and the attack on the Aum office.

GSDF Chief of Staff Hikaru Tomizawa told a press conference that Asano did not leak classified information but he tainted the dignity of the Self-Defense Forces (SDF) by leaking internal information.

Shirai and Asano are suspected of telling Aum on March 22 of their brigade's readiness for mobilization that day, when massive police raids on the cult began.

Aum Shinrikyo, Sarin Connection Discussed

OW2804101095 Tokyo BUNGEI SHUNJU in Japanese May 95 pp 160-169

[Article by journalist Kazunori Nakagawa: "From Matsumoto to Tokyo—Pursuing Sarin"]

[FBIS Translated Text] "Right now, I want to calmly watch the truths be revealed one by one, because it is not yet determined that Shinirikyo [Church of Supreme Truth] produced it."

Five days after the onset of the forceful police search of Aum Shinrikyo's facilities on 22 March, Yoshiyuki Kono, who was questioned and has been reported on since last year as if he had taken part in the Matsumoto sarin incident, responded in his usual unconcerned tone. His posture, to wait carefully for the total picture of the truth to unfold, was also a bitter criticism of the police and the mass media, which treated him as a culprit without justification.

The situation surrounding the manufacture of sarin by Aum, however, appears about to be clarified.

On 26 March, a domiciliary search was made again of the Satian No. 7 building in Kamikuishiki [Yamanashi Prefecture], which has been considered the center of sarin production, on suspicion of preparation for homicide. The police confirmed that there was a secret lab partitioned off by boards. Equipment, such as a device to measure chemical reactions, was also concealed. In the surrounding area, sarin bi-products were detected. Thus, by adding the confiscated raw materials used in sarin production, suspicion became stronger that Aum Shinrikyo led by Shoko Asahara had systematically produced sarin.

The view of chemical specialists is the same.

"As a result of the recent forced search, substances such as phophorus trichloride and sodium fluoride were detected. As a result, suspicion that they made sarin has become much stronger" (according to International Christian University Associate Professor Koa Tasaka).

Nine months has passed since the almost unprecedented sarin incident occurred in Matsumoto last year.

Since the beginning of this year, things had been narrowed down to the time, place, and evidence needed to conduct a forced search directed against Aum. Factors that would become useful evidence such as kidnapping and imprisonment were talked about, and when the authorities would begin their move was the center of attention.

The Tokyo subway incident happened in the midst of this situation. On the morning of Monday, 20 March, sandwiched between the holidays, the deadly poisonous gas sarin attacked the nation's capital, Tokyo. No one can have understood what was happening then and why it was happening. The scope of the damage apart, however, reading the meaning of the message concealed behind this sarin attack and understanding the seriousness of the situation, some of the investigating authorities were horrified. The sub-plot was an incident that occurred in Osaka a day earlier.

On 19 March, a mild Sunday evening, at the instant when police launched a forcible search of the Osaka branch of Aum Shinrikyo on suspicion of kidnapping and imprisonment, tension ran through police headquarters in Tokyo. An investigator was heard mumbling: "What is Osaka doing?"

The fact was that the Metropolitan Police Agency was scheduled to make simultaneous searches, as early as the beginning of the following week, at Aum's Yamanashi Prefecture locations, the Tokyo training hall, and so on, on suspicion of kidnapping and imprisonment of a Meguro notary office administrator. The police had been making concrete preparations since about 15 March, being in contact with the Criminal Investigation Bureau director and assistant director of the Tokyo District Public Procurator's Office, and also requesting Self-Defense Force cooperation.

To protect themselves from poison gas when making the residential search, the officer in charge of the Police Agency and the defense operations division chief of the Defense Agency conferred on 17 March, and it was decided that 500 sets of gas masks and protective clothing were to be loaned by the Self-Defense Forces. In fact, on the same day the police raid took place in Osaka, police task forces traveled to the Ground Self-Defense Forces' Asaka Camp and took delivery of the clothing, after receiving training on how to put it on.

But because of what happened in Osaka, they temporarily postponed their raid.

On the next day, 20 March, as if they had calculated it, on three subway lines—Hibiya, Marunouchi, and Chiyoda—sarin was placed in a total of five locations, and a great disaster in which 10 people died and 5,500 received treatment (as of 28 March) occurred.

All other pending matters such as suspicions concerning the two credit associations, the high yen, residual effects of the Great Hanshin Earthquake, and so forth, were blown away. It was conceivable that Kasumigaseki, the center of Tokyo and the nerve center of investigating authorities, was the target.

"Was this retaliation for the Osaka incident?" While such a suspicious opinion was expressed, there are also some senior police personnel who suspect that someone sent the sarin-loaded subway cars to Kasumigaseki with the intention of blocking and warning the investigative authorities.

As a second sarin incident had occurred, the police were no longer permitted to hesitate. Again, 3,700 sets of gas masks and so on were made available, and on the early dawn of 22 March, 2,500 task force members and other police were mobilized and entered a total of 25 locations in Kamikuishiki, Fujinomiya, and Tokyo where Aum's central facilities are located. What they found were quantities of chemical substances that exceeded their expectations.

The raw materials for sarin such as phosphorus trichloride, sodium fluoride, and isopropyl alcohol, and acetonitrile, which is a solvent and was used in the sarin subway incident, and the raw material for dynamite, glycerin, and so on were also found.

Suspicion has arisen that Aum Shinrikyo has been storing such chemical substances in a place called Satian (truth), which is closed off from the outside world, since around 1993, and that it has been secretly synthesising sarin. Why did the series of sarin incidents, which began in Matsumoto, occur, and what was Aum Shinrikyo trying to achieve?

Sarin Can Be Produced in More Than 100 Ways

"Were the judge's quarters the target?" That thought occurred immediately to one official of the judicial branch in Matsumoto when the sarin incident occurred last year. But the current of the investigation took a totally different turn.

The poison gas incident that occurred in a corner of a residential area in Matsumoto in the middle of the night of 27 June 1994, turned out to be a disaster that ended with the death of seven people and the injury of over 200. It was hot and humid in Matsumoto on that day, and the deaths were concentrated on the second through fourth floor apartments in the vicinity that had their windows open.

From the start, police suspicion was directed against Kono, who made the first report. Unfortunately for him, his family's voluntarily showing the police drugs that Kono himself had forgotten about roused suspicion. The drugs included a cyanide compound (unused), so the police at once had a hunch he was guilty. Although the suspect was unnamed, on the following day, his home was searched on suspicion of murder, and drugs were confiscated.

But five days later, the toxicant detected at the location was determined to be sarin, an organophosphate compound. Sarin and cyanide are entirely different substances.

The police next noticed an agricultural chemical, sumichion [as published], which they seized at Kono's house. But even if it is theoretically possible to make sarin from sumichion, it is in fact virtually impossible.

"Sarin," for which the fatal dose per one kilogram of body weight is 0.01 milligram, is a nerve gas weapon developed by Nazi Germany in 1938. According to Self-Defense Force material, the United States believes that as many as 20 countries possess or store sarin, including itself. At the time sarin, which would absolutely never exist in a natural environment, was detected in the vicinity of the incident, a thorough scientific investigation should have been made. The investigation headquarters in Matsumoto started to follow up on the distribution route for raw materials. Out of the sarin production methods, which are said to number over 100, they started the search in the order of ease. But attorney Koji Nagata who represent Kono points out the following:

"From the beginning, the prefectural police, especially the investigation headquarters in Matsumoto, were determined that Kono was guilty. They did not give up on the traditional investigation method, which is to pressure the suspect until he talks. As a result, until recently, they have been following the totally wrong track, such as going around checking people whose name cards they confiscated from Kono's house. It is true that from some points, the upper echelons of the Police Agency and so on have widened the target of the search, but the local investigation headquarters was convinced that Kono was the culprit until the end. Could it be that they worried too much about saving face?"

Kono has absolutely no motive to produce sarin. Rather, he was one of the victims: His family members were among the seriously injured. In that sense, the responsibility of the investigation headquarters, which made mistakes in the initial investigation and misinterpreted the incident, is serious.

Why did the sarin outbreak have to be in a quiet residential area of Matsumoto?" The conceivable possibility at this point is that it targeted the judge's residence, located about 50 meters east of the spot.

Aum Shinrikyo established a training hall in the suburbs of Matsumoto in 1992. What catches my attention is the fact that the landlords and residents brought legal action to recover the land on which this training hall was built, contending that Aum had obtained the land while concealing its identity. The case is currently pending in the Nagano Regional Court, Matsumoto Branch.

As for the motive for the Matsumoto sarin incident, there might have been some sort of hatred directed against national authorities, the police, and judicial authorities in particular.

The investigating authorities did not notice that a group with such intentions and the ability to carry them through existed in Japan. They were prisoners of the thought that it was an individual crime, rather than an organized one.

Line That Connects Matsumoto and Yamanashi

Between late summer and early fall it is said the direction of the National Police Agency's thinking, aside from the Nagano Prefectural Police, began to change. Drawing conclusions from a variety of information provided, including that from the security police on Aum, they came to learn that Asahara had mentioned sarin, mustard gas, and so on, when preaching on 15 March 1994, three months prior to the incident. This was the revelation that forced the investigating authorities to change their image of who the culprit was from the one they had until then.

During this period, the Nagano Prefectural Police had just about exhausted checking the route for test chemicals used in the two steps prior to producing sarin that were thought to be the strongest leads, and started expanding the object of their search to the distribution of chemicals also conceivably used in the manufacture of sarin.

While there was no change in the investigation, on the surface, the situation took an unexpected turn. A biproduct of sarin had been detected in soil in the vicinity of the Aum Shinrikyo facility in Kamikuishiki in Yamanashi Prefecture. As for the areas surrounding Aum Shinrikyo facilities, i.e., the training hall in Kameido in Tokyo, there have been frequent complaints of offensive odors in the past. In Kamikuishiki as well, in the middle of the night of 9 July, 12 days after the Sarin Incident in Matsumoto, a terrible stench wafted out into the neighborhood from the three- storey building called No. 7 Satian. The residents who lived in the immediate vicinity, across the street, evacuated and called the police. They said the bad odor started coming out right after they heard a sound, as if something large had fallen down. On the night of 15 July, at 2100 in the evening, a similar foul odor leaked out again from the No. 7

building. Also, two days before the first bad odor leaked out, some of the trees and patches of grass around the No. 7 building had withered.

Both times, the neighboring residents said "as soon as I inhaled, I felt queasy and had trouble breathing." The possibility was that toward midnight, in the process of synthesizing sarin, some sort of accident occurred and gas leaked out. Right afterwards, people also saw some Shinrikyo believers wearing gas masks. Others also saw the believers crouched down and dazed in front of the No. 7 building. It was entirely possible that they themselves had inhaled the gas.

Initially, the Yamanashi Prefectural Police did not suspect very much and warned Aum that they should put away chemicals such as caustic soda that was piled up in the open around the building. The commotion about the bad odor was about to be forgotten without receiving a full scale investigation.

About three months later, however, there was the following exchange of conversation between the officers in charge of this case in the First Investigation Division of the Yamanashi Prefectural Police and in the First Investigation Division of the National Police Agency:

Yamanashi: "I have a hunch that the symptoms of the people who smelled the malodor recently, resemble those in the Matsumoto sarin incident."

National Police Agency: "Is that right? Then why do we not check the soil?"

The National Police Agency's National Research Institute of Police Science analyzed the soil, which the Yamanashi Prefectural Police had sent, and submitted a written statement of opinion in mid-November. In this opinion, it was stated that phosphorothioate diisoprophl ether, which is the sediment of sarin, was detected in the soil sample. This was the same type of sediment that was detected in a pond near the location of the incident and from the apartment rooms where fatalities occurred. A thin, thread-like connection between Matsumoto and Yamanashi was established.

Since then, the investigating authorities seem to have concentrated their efforts on following the Aum line to discover the distribution route of the chemicals. From the manufacturers and wholesalers to drug companies, the police were said to have tracked down Aum people. In December, the police found out that a chemical company in Shizuoka, which an Aum person managed, made a purchase of a large quantity of sarin raw material, sanenkarin, in the unit of tons, between January and February. Soon, the apartment building in Tokyo where this believer lived was placed under surveillance.

Aum had also used other companies in which believers had an interest as dummies, purchased chemicals, and secretly carried them to Kamiku. In light of the fact that large quantities of sarin raw materials were found in the ground of the No. 7 Satian, this might have been the chemical storage site.

By this time, the National Police Agency was making up its mind to take positive action to carry out a forcible search of Aum if it could find a good opportunity. The kidnapping of a wealthy Miyazaki man was considered at one time to be a strong opportunity. Also, in October, a former nurse who had escaped from the group made a detailed statement about the actual situation of drug dispensing inside Aum. Moreover, since this nurse was handcuffed and imprisoned, it was thought that a charge of "arrest/imprisonment" could be possible. The National Police Agency took the leadership in the investigation: It sent and placed specialists in each prefecture concerned.

The mass media also began taking things seriously: They investigated the foul odor incident in Kamiku once again, and so on. The YOMIURI SHIMBUN, which first picked up on the police moves, obtained the contents of the written expert opinion in early December and reported it on New Year's Day without revealing the name of Aum.

The first party to respond was, unexpectedly, Aum. Three days later, Aum held a news conference and, turning things on their head, took the offensive and insisted "this proves that we have been under sarin attack." They brought legal proceedings for an attempted murder charge, claiming that people such as the president of a fertilizer company located about 150 meters away from Aum facility, called No. 2 Kamiku, had "sprayed sarin and other things." They even mentioned the Self-Defense Forces and U.S. Forces, and insisted that they had been under surveillance and attack.

As for the mass media, which started reporting on the connection between Aum and sarin, Aum was bullish to the end: Aoyama, legal adviser and top disciple of Asahara immediately brought a series of legal actions. Even though the No. 7 building was, from circumstances, strongly suspected to be the source of the leaked gas, he strongly argued that No. 7 was nothing other than a religious facility.

Secret of No. 7 Satian

What have they been doing in the No. 7 Satian building with chemicals, raw materials for sarin, and chemical reaction equipment? That is the biggest point in elucidating the question of sarin production by Aum Shinrikyo. The goods have been recovered, but there is too little material to shed light on by whom, when, and how those goods were made.

A former believer testifies as follows.

"Anyone who was not working in the building was strictly barred from entering No. 7 Satian; even for those who had entered monkhood, it was impossible. Of course, in any section people who did not belong to that section basically could not go in, but No. 7 was an incomparably secretive facility."

Including No. 7 Satian, how is the Kamikuishiki facility, which might be said to be Aum's general headquarters, organized? A wide hilly area on the outskirts of Mt. Fuji is dotted with Aum facilities. The area is roughly divided from "No. 1 Kamiku" through "No. 6 Kamiku."

In each district, there are Satian buildings with different functions. Until the spring of 1994, they had the following functions: (Today, they are called ministries and agencies, and their roles are somewhat different)

No. 2 Satian is the building in which Asahara originally lived, and the training hall for extreme ascetic exercises is located there. The meals for the Aum residence called "offerings" are also prepared here. There is all sorts of machinery in No. 3, but details are not known. No. 5 is the publishing/printing plant. (the above is in No. 1 Kamiku)

No. 6 is the Asahara family residence and the PSI [psionic] training hall. The "offering" plant is also located here. (No. 2 Kamiku)

In No. 8 Satian, the foundation plant for computers they purchased at the end of 1993 in Chba is located. In addition, the ramen factory and personal computer assembly plant are also located there. (No. 4 Kamiku)

No. 9 Satian is the plant in which large machines make and form things such as plastic is housed.

No. 10 is now the worship hall. During the recent forced search, believers who were in a comma were found here, and doctors and others who kept watch on them were arrested for illegal imprisonment.

No. 11 is the plant in which a "machining center" was set up.

No. 12 is the plant in which an NC [numeric control] lathe was housed.

There are three facilities in Fujinomiya. In the Fuji Headquarters Training Hall, there is a PSI exercise hall, a judicial affairs department, a motor vehicle branch, and a section to handle administration and accounting. In the Satian building, there is a section to produce and edit animation for propaganda purposes. In No. 4 Satian, there is a section that handled information management with personal computers.

They claim they built nearly all these buildings by themselves. Though it is undeniable that it is somewhat out-of-date, it seems the outline of the organization is more or less clear.

And now, the No. 7, which is the center of the affair.

At present, we can only make judgments based on limited testimony and circumstances, and from the organizational structure. In the middle of 1993 the No. 7 was supposedly constructed and in 1994 it began actual operations.

As of last year, the No. 7 had the department nickname, "AIF.CMI." This was listed inside Aum Shinrikyo's telephone directory.

AIF is the abbreviation for "Astral Food Institute."

CMI is the abbreviation for either "Cosmic Medical Institute," or "Cosmic Medicine Institute."

Aum Shinrikyo usually has its own definitions and interpretations, so it is difficult to guess the role No. 7 plays solely from the names of these institutes. But what is clear, at least, from the department names is that Aum Shinrikyo's claim that "No. 7 Satian has been a religious facility from the start" is false.

Since January, religion scholar Hiromi Shimada and others have gone into No. 7, and been shown the inside of the facility where religious fixtures such as a "huge Buddha's head, 10 meters high," and a "small chamber where the statues of Buddha are placed" by Aum Shinrikyo. What they saw does not correspond to the section names, AFI and CMI.

Around 10 January, a vinyl sheet cover was placed over the outside of the building, and around 20 January, machines were said to have been moved out on a big trailer truck. Also, around that time, some people witnessed during the night that Aum placed "yunbo" [as published] on the surrounding area and replaced the soil.

It is certain that, by January at the latest, the inside of No. 7 was remodeled and its embellishment as a "religious facility" took place.

One other thing, there is a strong clue suggesting the role of No. 7: It is the existence of the group in charge of science (currently the Science and Technology Agency) inside this cult.

Shinri Science and Technology Research Institute

There is a secret plant in Tomisawa-cho, Yamanashi Prefecture. This facility, called "Seiryu [pure current]" internally, has been functioning as a plant since 1993 for the organization called "Shinri Science and Technology Research Institute (the abbreviated name used internally is 'Shinri Science'). This plant is located at a distance from the series of Aum facilities in Kamikuishiki and Fujinomiya, and what has been taking place there has been kept secret even from believers, like the No. 7.

Based on the testimony of people concerned, the secret plant in Tomizawa-cho is said to be an operational base for physics—broadly defined—related operations. The place is used for practical applications such as metal processing, machinery design and manufacture, and intended for all sorts of basic research and physics experiments. Also, the number of staff members by early last year reached nearly 100. Roughly divided, 15 are in charge of theory and design. All of the people who held the position of teacher in Shinri Science are assigned here. Others worked on actual machinery operations and so on.

An official of the sect said the following:

"They did not have a team name, but in fact, it was a 'physics team.' Since last March, when (Asahara's) preaching started saying that Aum had been under poison gas attack, we made all sorts of devices as counter-measures for poison gas. As for all the technical aspects, Shinri Science provided the guidance."

Considering the organizational structure, it should have been a Tomizawa Shinri Science-related organization, but No. 7 Satian in Kamikuishiki was established as an independent facility.

A former believer, who left the order, testifies:

"I heard that the secret plant in Tomizawa-cho handled the physics-related operations and the No. 7 in Kamiku handled the chemical-related. Everyone who was at Tomizawa must have thought so. The signature of the section was also AFI-CMI, so we thought No. 7 was the place that handled the 'initiation' by drugs and other scientific matters. The believers all had such an impression."

Physics and chemistry are different areas of specialization. But at times, common machinery is used in experiments and preparatory activities. In fact, there was an occasion when the physics team delivered machinery, which the chemistry team wanted to use, to the No. 7. From fragments of such contacts, he said that he learned that No. 7 was dealing with chemistry. An accurate picture of the organization of the so-called "chemistry team" at No. 7 is not easy to obtain, but at least two senior personnel were involved.

One is Priest A, a high disciple of Asahara who finished the doctorate course at Kyoto University's Medical Department. His area of expertise is the study of viruses and genetic engineering. Even though he might have substantial knowledge, chemistry is not his field.

Another is B. He has the title of head teacher, and majored in organic physical chemistry at Tsukuba University Graduate School's Chemistry Research Institute. According to a former believer, he cannot think of anybody else but B during the spring of last year, when it comes to a specialist in the sect who would deal with chemistry-related matters. There were several other believers in the No. 7, who dealt with chemistry-related matters, but they could not have had specialized training beyond undergraduate level.

Also, in a publication put out in March by Aum, B was introduced as "the person who revealed extraordinary talent in the chemistry field. Since coming into the monkhood, he has been in charge of research in the chemistry field."

B's research topic during his time at graduate school was in a field called "optic isomerization." This involved beaming light on materials and checking the change that occurred.

B's guidance instructor at the graduate school spoke in reminiscence:

"He wanted to 'specialize in chemistry,' so he came to the organic physical chemistry seminar from the agricultural field. He was a very enthusiastic researcher and was quite able. But in the spring of his second year in the master's course, he had a traffic accident and suffered whiplash. Someone recommended he go to the Aum exercise hall in Mito, and he recovered with unexpected speed. That was how he started going there. Just before he completed his master's program, he started saying that he "wanted to become a monk." We somehow kept him back, and he completed a quite high- level master's thesis and advanced to the doctorate course. But soon, he stopped coming to school."

Aum seems to have been making a concerted effort from early on to bring in students who majored in physics, mathematics, chemistry, or medicine.

"From the time of the lawyer Sakamoto incident to begin with, they had a "chemistry squad," and a "pharmaceutical squad." Since then, they have attached importance to students who majored in chemistry, pharmaceutics, and so on. We have the impression that they had a strong attachment to those fields" (according to attorney Yoshiro Ito of the Attorneys Group for Countermeasures Against Aum Damage).

This is strictly a hypothesis, but if one studies organic physical chemistry's optic isomerization, is it possible to produce sarin?

"Even if the specialized field is different, if one is at the level of completing a master's course, it is possible to produce sarin. On the chemistry scene, to study some specific field means more or less mastering basic chemistry. Moreover, sarin production methods are available in foreign publications" (the instructor mentioned earlier).

About the time Asahara started talking about "countermeasures for poison gas," in April to May of last year, the remodeling of the inside of building No. 7 was undertaken. A welder from Tomizawa was spotted working on the first floor of the building. According to a believer who was an eyewitness, it seemed to be basic work or re-enforcement of the installation of some large device.

During the remodeling, some sort of chemistry research and development had to be carried out on the second or third floor that was reached by an outside staircase. It was unclear for what reason the remodeling work was done, but one to two months afterward, the sarin incident in Matsumoto and the sarin leaking accident at No. 7 occurred. The connection is noteworthy. Also, that April, an air purifier ("cosmo cleaner") was installed throughout the facility, and a large number of gas masked believers were seen by local residents.

Was B taking part in sarin research in some capacity with the chemistry team?

His former teacher said:

"If he was taking part, I am just so terribly sorry. I am so unhappy Aum took (my student) away."

Who Gives the Orders?

For whatever reason, budding scientists easily believed Asahara's "ultra normal phenomenon" and submitted themselves to his spell.

Just who was it that organized and led the chemical team composed of the likes of students who possessed technical knowledge?

As far as the organizational hierarchy goes, the person who controls the entire Shinri Science is a man called Manjushuri Mitora Seitaishi [as published], who is the closest of Asahara's associates. He himself is an engineer who majored in space physics at Osaka University's Graduate School, but also controlled the chemical team. B was also working under his leadership.

Asahara is the only person who outranks Seitaishi Mitora. A former believer, who witnessed how Seitaishi Mitora and other leaders of the Science and Technology Agency usually came in contact with Asahara, said the following:

"The leader of the Science and Technology Agency frequently had meetings with Asahara who was in No. 6 Satian. Just referring to the official ones, I think they held meetings two or three times a week. Seitaishi Mitora always visited Asahara at his residence once a day, so it is not unusual for them to meet every day. I had the strong impression that he was very serious and making detailed reports to Asahara. In that sense, inside how 'Seitaishi had been converted' was talked about."

It is not hard to imagine that just about everything was decided at the meetings of Asahara and his disciples. At those times, even the disciples took detailed direction directly from Asahara, rather than being entrusted with the tasks for which they would be in charge.

Asahara's actual decision authority over small details is clear in the accounting field as well. When they purchased various materials at the so-called Construction Ministry and the Science and Technology Agency, if it were under Y [yen] 100,000, only Seitaishi Mitora's approval was necessary, but for an amount exceeding Y100,000, Asahara's permission was needed. In a sect that was said to have some 10,000 believers and abundant capital resources, the founder had the say about necessary expenses of a mere Y100,000.

As for the section to which monks were assigned, Asahara often decided himself. As for the Science and Technology Agency-related posts in particular, the more important the post was, the stronger was his concern. Often, monks who had specialist knowledge in the science field had an interview with Asahara and were told directly "you work in such and such a section." For him, the sect's money must have been private property and the people his private army.

Since April of last year, the "SPS (Sonshi [honorable teacher] Personal Staff)," which was in charge of guarding Asahara and others, was re-enforced. It was said that on the second floor exercise hall located in No. 6 building where Asahara lived, people who had experience in martial arts were gathered, and karate and judo training was conducted virtually every day. The senior SPS members were also said to be training in Okinawa.

The weapons Aum tried to obtain are extensive. At the secret plant in Tomizawa, they purchased at least 30 "machining senta" [as published] (which changes tools by automatic control and permits complex machine processing) and NC lathes by the first half of last year. As for their quality, it was mixed, and not all were operating. But they were well equipped, quality wise and quantity wise, in machinery parts necessary for metal processing, such as an NC electric discharge manufacturing machine and an NC laser processing machine. People say that since about March 1993, Aum had been placing priority on acquiring an operational capability for these machine tools within their organization and aimed at building a mass production line by a year later. That happened to be the same period when tey were making various devices for "poison gas countermeasures," and in Kamiku it was also the time they were building the base for such science sections.

According to testimony, there is evidence that they tried to, at least, develop guns and laser weapons. As for guns, it was widely known inside the sect that, from their shape, some parts could not have been anything else but parts of a gun. It is also heard that there were efforts to make something that appeared to be a bullet. Also some said:

"I saw a cast, the inside of which was hollow. When two casts were put together, they made exactly the shape of trigger of a gun.

In such cases, it is said that the person in charge of production was only given the drawings but did not receive any explanation.

"I heard that Aum was anticipating Armageddon by 1997, so they were going to develop laser weapons for self-defense purposes. It seems they did not succeed, but it was certain they had someone who was familiar with lasers."

It is preposterous for them to think they could develop laser weapons, but it seems they were collecting basic information and doing research.

If they had the intention of making weapons by themselves, when and for what reason did such an intention emerge?

Asahara repeatedly prophesied the arrival of the Armageddon and preached to his followers the necessity for countermeasures. The specific weapons used for Armageddon are to be nuclear weapons, biological weapons, chemical weapons, laser weapons, plasma weapons, earthquake weapons, and so on, including weapons not achievable by today's science and technology. At first, they started their scientific research to be prepared for attack from such weapons. Some among the believers felt that if defense was the objective, nuclear shelters and so on would be enough. But to defend themselves fully, they felt they had to find out the characteristics of those offensive weapons. The quickest way, they might have believed, was to make the actual weapons themselves. It might be for such reason that they concentrated on gathering students in the sciences. But the center of concern for defense must have gradually shifted to that for offense. They said that laser weapons would be developed so they could be used for counterattack purposes, "to shoot down the attacking missiles before they hit."

Of course, even for defensive purposes, the development of weapons would not have been easy. In that sense, chemical weapons are the easiest among weapons to manufacture. They are made cheaply and, moreover, have great power. In such a context, even if initially for research purposes, sarin might have been manufactured. Armageddon aside, they might have thought they could deter the "calamity" that would befall Aum by possessing sarin.

But what puzzles me is that there is still a great gap between possessing a deterrent and actually using it. The suspicion directed against Aum now is still preparation for murder (as of 28 March). Who ultimately ordered the sarin use? Did Asahara have no connection? What is the condition of Asahara, who is said to be seriously ill, that affects his thinking? Even if the people who actually carried out the attack are revealed, it will still take some time before the entire picture of the affair becomes clear.

Also, even if Asahara is merely a man possessed by a desire to acquire power, it will not erase the fact that so many young people were attracted by Aum teachings.

If we set aside our judgment as to whether Aum Shinrikyo is good or evil, Japan has a strong tendency to eliminate any group that has a different sense of values. Even a court of justice, which asserts its fairness and justice, is not totally divorced from such a tendency. From the moment he uttered the word sarin, perhaps the circumstance in which Asahara and the state would come to a head-on confrontation became inevitable.

IHI, Sumitomo To Jointly Design Naval Vessel

OW2604140195 Tokyo KYODO in English 1149 GMT 26 Apr 95

[FBIS Transcribed Text] Tokyo, April 26 KYODO—Ishikawajima- Harima Heavy Industries Co. (IHI) and Sumitomo Heavy Industries Ltd. said Wednesday they have agreed to separate their divisions for designing naval vessels for the Defense Agency and combine them as a new company.

IHI and Sumitomo said their agreement is aimed at upgrading technology for naval ships and reducing building costs as the Japanese Government is expected to cut its defense spending.

The new engineering firm is planned to be set up in Tokyo on Oct. 1 and have a workforce of 300, the two companies said. Its capital and president have yet to be decided.

The new company will capture some 25 percent of the market for naval vessels, comparable to the share of Mitsubishi Heavy Industries Ltd.

Under the agreement, the new company will seek shipbuilding orders from the agency in a tie-up with IHI and Sumitomo, the two firms said. Production will be implemented separately at IHI's shipyard in Koto ward, Tokyo, and Sumitomo's in Yokosuka, Kanagawa Prefecture.

The two companies do not plan to combine their shipyards, said Takeshi Yana, IHI's senior managing director.

Upper House Approves Chemical Weapons Treaty

OW2804061195 Tokyo KYODO in English 0253 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The House of Councillors on Friday [28 April] approved an international treaty banning the development of chemical weapons and restricting the manufacture and use of toxic chemicals such as the nerve gas sarin.

The House of Representatives approved the treaty March 30.

According to the Foreign Ministry, 27 countries had ratified the treaty by March. The pact is to come into effect 180 days after 65 nations ratify it, which is expected occur late this year.

The treaty requires signatory nations not to develop, produce, possess or use chemical weapons, while obliging those with a chemical weapons stockpile to dispose of them within 10 years after enactment of the treaty.

The treaty also calls for the creation of an international organization to conduct unannounced inspections where poisonous substances are suspected of being diverted to weapons use.

As a domestic prerequisite to ratify the treaty, the Diet on March 30, in the wake of the March 20 sarin nerve gas attack on the Tokyo subway system, passed a bill to ban the manufacture, possession and use of chemical weapons.

The legislation provides for a maximum of life imprisonment for using chemical weapons, and imprisonment of up to seven years or fines of up to 3 million yen for producing or possessing chemical weapons.

On April 19, the Diet also passed the sarin victims protection law, stipulating a maximum punishment of life imprisonment for dispersing sarin.

Diet Tightens Firearm, Sword Control Law

OW2804055995 Tokyo KYODO in English 0355 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The Diet enacted a revised Firearms and Swords Control Law Friday [28 April] which aims to tighten control of guns, the illegal use of which has been rising in Japan.

The revised law introduces new measures such as penalties for those who simply fire a gun in public places such as hotels, to prevent citizens from being hurt in fights between gangsters.

The revision also calls for introducing "controlled delivery" by which police could conduct surveillance on, and arrest, people receiving guns by mail from overseas, National Police Agency (NPA) officials said.

The NPA expects that, after its first revision since July 1993, the law will help crack down on gun use and reveal gun smuggling routes. It will come into force in early June, NPA officials said.

Under the current law, those found in possession of a gun and bullets face imprisonment of 3 to 15 years.

The revised law introduces a new penalty for shootings of imprisonment for a minimum of three years up to a maximum of life imprisonment, the officials said.

Kamei Urges Continuation of Ruling Coalition

OW2704131495 Tokyo KYODO in English 1108 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—Transport Minister Shizuka Kamei joined Liberal Democratic Party (LDP) President Yohei Kono on Thursday [27 April] in saying the tripartite coalition should be maintained even if the LDP wins a majority in a House of Representatives poll.

"Even if the LDP wins a majority in the next general election, action should not be taken to break the current of politics," Kamei said in a press conference.

The LDP is the largest party in the coalition, which also groups the Social Democratic Party, headed by Prime Minister Tomiichi Murayama, and New Party Sakigake.

Kamei said it will take more time to regain public confidence in the LDP, a conservative party involved in a series of scandals over the years.

"I can't say decisively that taking the LDP premiership will lead to happiness in Japan. More time is needed so that people can see that the LDP has repented," Kamei said.

Aoshima Formally Announces Scrapping Tokyo Expo

OW2604134095 Tokyo KYODO in English 1329 GMT 26 Apr 95

[FBIS Transcribed Text] Tokyo, April 26 KYODO—Tokyo Gov. Yukio Aoshima announced Wednesday he will scrap the world city exposition slated for next year in Tokyo, sticking with his election campaign promise.

"This is not a question of losses or gains, but basically a question that affects my reputation, whether I honor my publicly stated promise," Aoshima said at a news conference in explaining his decision.

At his inaugural press conference Monday, Aoshima said he would make a final decision on whether or not to scrap the expo after analyzing the potential damage from canceling it.

Aoshima's announcement came only shortly after the promoters of the exhibition at an office of the Tokyo Metropolitan Government strongly urged him to reconsider his plans.

"If the exhibition is halted, the feared fiscal impact will soar to about 100 billion yen, some 20 billion yen more than what we need if we hold it," the office said in a report.

According to the report, the metropolitan government will have to pay 80 billion yen in compensation to businesses and Japanese and foreign cities preparing to participate if it cancels the expo, as opposed to the 60 billion yen it is expected to spend on the project. It has so far spent some 20 billion yen.

The report also said the metropolitan government will lose the confidence of the international community if the expo is canceled.

But Aoshima brushed aside the fiscal argument saying "however careful we examine the possible cost, we will not know the actual balance before the event is over. Probably losses would increase further if we hold the expo," he said.

Aoshima also argued that policy shifts are a normal consequence of a leadership change, dismissing concerns of possible damage to Tokyo's image abroad.

Earlier Wednesday, Aoshima told Tokyo Metropolitan Assembly leaders of his intention to cancel the international exhibition, which was to open March 24 next year for a 204-day run on reclaimed land in the Tokyo bay area.

Aoshima told the assembly chairman and vice chairman he wants "to give priority" to sticking to his election campaign promise and urged them to consider stopping the expo.

Japanese municipalities Wednesday decried that the cancellation of the expo will deprive them of a good opportunity to promote themselves.

But they also said Aoshima's decision will not have a major impact since it came before the budgets for the expo were passed. A Miyagi prefectural official said the Tokyo governor probably had to cancel the show considering the importance of his election campaign promise.

Kawasaki city officials complained that their preparations and cooperation for the exhibition had burst like a "bubble." They said a change of governor should not be allowed to affect large-scale projects such as the expo.

Government Reports on FY94 Unemployment

Rate Up From Year Earlier

OW2804015695 Tokyo KYODO in English 0053 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Japan's unemployment rate rose to a record 2.9 percent in fiscal 1994, up 0.3 percentage point from the previous fiscal year, the Management and Coordination Agency said Friday [28 April].

"The rise reflects the prolonged economic slowdown. The yen's rising tendency also lent a hand to the rate rise," an agency official said, adding vigilance is still needed over the short and medium-term.

The figure was the highest since 1953 when the agency adopted the current computing method for unemployment data. The second highest figure was the 2.8 percent marked in fiscal 1986 and 1987.

The number of jobless in fiscal 1994 was 1.94 million, up 10.9 percent or 190,000 from fiscal 1993, while the number of jobholders rose only 10,000 to 64.55 million. The rise was so small and negligible it was termed "staying flat," the official said.

Male unemployment stood at 2.9 percent, up 0.4 percentage point, while the female unemployment rate came to 3.0 percent, up 0.2 point.

The official said, "the indirect effects of the Jan. 17 great Hanshin earthquake could pull the job situation down further, while the yen's recent sharp rise will also do harm later."

In March alone, the unemployment rate rose to 3.0 percent from 2.9 percent in February, the agency said.

The official said, "there's no denying that the yen's surge has overshadowed the nation's employment situation," hinting another rise is possible.

The March jobless rate, tallied on a seasonally adjusted basis, was the second highest level ever. The record high was 3.1 percent set in may 1987, when the yen's rise against the dollar trimmed job opportunities, the agency official said.

In March, the number of unemployed totaled 2.19 million, up 5.3 percent or 110,000 from a year earlier, the agency said.

The number of jobholders increased 0.3 percent or 160,000 from a year earlier to 63.81 million.

The number of male jobholders increased 70,000 or 0.2 percent from a year earlier, and that of female jobholders grew 90,000 or 0.4 percent.

The jobless rate for males was down to 3.0 percent from 2.9 percent in February and the rate for females stayed flat at 3.0 percent.

In a separate report, the Labor Ministry said the closely watched ratio of job offers to job seekers, a key indicator of demand for labor, was unchanged at a seasonally adjusted 0.2 percent for the third straight month.

This means there were 66 job offers to every 100 people looking for jobs.

For all of fiscal 1994, the job opening ratio came to 0.64, down 0.07 point from 0.71 the previous year, ministry officials said.

Pledges To Curb Rate

OW2804041695 Tokyo KYODO in English 0308 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The government will take all necessary steps to curb a rise in unemployment in Japan, the top government spokesman said Friday [28 April].

"We will do everything we can, mainly through the implementation of our yen-restraint package, because this also includes measures to combat unemployment," Chief Cabinet Secretary Kozo Igarashi told a news conference.

He was commenting on a new government report that showed Japan's unemployment rate rose to a record 2.9 percent in fiscal 1994, up 0.3 percentage point from the previous fiscal year.

Igarashi cited as reasons for the increase in the jobless rate the negative effects of the Jan. 17 massive earthquake in western Japan and the "hollowing out" of the nation's industries as companies shift production facilities overseas.

Japan announced earlier this month a package of measures to stem the yen's unabated strength against the U.S. dollar, which is casting a pall over the nation's budding economic recovery.

Consumer Price Index Up 0.4 Percent in FY94

OW2804055695 Tokyo KYODO in English 0208 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Japan's nationwide consumer price index in fiscal 1994 rose 0.4 percent from the previous year, standing at 107.1 against a base of 100 for 1990, the Management and Coordination Agency said Friday [28 April].

It was the second lowest postwar growth following the 0.0 percent figure of fiscal 1986, the agency said.

In fiscal 1993, the index rose 1.2 percent, following a rise of 1.6 percent the preceding year. The rise in consumer prices has been getting smaller in recent years following the strong 3.3 percent growth of fiscal 1990.

The weak rise in fiscal 1994 reflects the drop in fresh vegetable prices, an agency official said. Despite the hot weather and drought, prices of fresh vegetables fell a sharp 8.3 percent from the preceding year when the crop was damaged by excessive rains.

Prices of shoes and clothing fell 1.3 percent, while those of furniture and household goods dropped 2.0 percent, and those of transportation and communications slipped 0.4 percent, the agency said.

On the other hand, prices in the housing category increased 2.2 percent, while those of education rose 3.0 percent on the rise in tuition fees. Prices in culture and leisure climbed 1.0 percent due to more costly services in this area.

Excluding fresh foodstuffs, consumer prices in fiscal 1994 rose 0.6 percent, compared with the 1.1 growth of the previous year.

The agency also said Friday the April consumer price index in Tokyo stood at 107.1, down 0.2 percent from the previous year, amid lower prices for rice, and educational and leisure goods.

The index was up 0.2 percent from the previous month, reflecting the rise in prices of underwear, shirts and fresh vegetables.

Prices of restaurant food was down 0.6 percent, however, due to price cuts at many fast food chains which are importing and passing on the benefits of the strong yen to customers, the agency official noted.

When fresh foodstuffs were excluded, the index came to 107.6, up 0.1 percent from the same month of last year and up 0.3 percent from March.

Meanwhile, the nationwide price index was at 106.7 in March, down 0.4 percent from the year before as a result of declines in fresh vegetables and rice. Compared with February, the index was down 0.1 percent as fresh fruit and vegetable prices were cheaper.

Excluding fresh foodstuffs, the index stood at 107.0, up 0.1 percent from the year before and up 0.3 percent from February.

FY94 Housing Starts Up for 3d Year

OW2804065195 Tokyo KYODO in English 0622 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Japan's housing starts rose 3.4 percent for fiscal 1994 from the year before to 1,560,620, marking the third consecutive annual rise, the Construction Ministry said Friday [28 April].

In March alone, housing starts dropped 4.8 percent from a year earlier to 113,154. It dropped for the first time in two months, the ministry said in a monthly report.

Falling land prices and continued low interest rates helped condominium starts soar 43.6 percent for the year to 226,820, and starts on houses for sale climbed 30.1 percent to 377,631, the ministry said.

Starts on housing for rent fell 11.3 percent to 574,151, while those for owner-occupied homes rose for the third year in a row, up 8.2 percent to 580,927, it said.

In March, starts on houses for sale fell 2.0 percent to 30,557, falling from the year earlier for the first time in 23 months.

Starts on housing for rent in March fell 14.4 percent to 37,045, the 14th straight monthly fall from year-before levels, and starts on owner-occupied homes dipped 0.2 percent to 42,450, it said.

Steel Firms Negotiate Markups With Customers

OW2804093095 Tokyo KYODO in English 0714 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—Major Japanese steel companies have begun negotiating with foreign customers on markups of export prices by 10-20 percent, starting in July, company officials said Friday [28 April].

The steelmakers, which boosted export prices by 15 percent late last year, plan to carry out additional markups due to the yen's further appreciation, the officials said.

Surging global demand for steel and steel products, spurred by burgeoning economic growth in Asian countries, is another factor behind the price hike, they said.

An executive at a major steelmaker said the Japanese makers believe that additional markups to keep pace with the yen's appreciation will not hurt the competitive power of their products on the global market.

The export prices began to rise in the summer of last year, backed by economic recovery overseas, and the Japanese makers raised their export prices by an average of 15 percent for shipments between April and June of this year.

The yen's further appreciation by about 20 percent against the dollar, however, has eaten into their earnings, prompting them to seek additional price hikes.

A Japanese steel industry official was quoted as saying they will seek a new price structure ensuring profits through the ongoing price hike negotiations with customers overseas.

North Korea

UN Envoy on 'Partially' Lifting Nuclear Freeze

OW2804072295 Tokyo YOMIURI SHIMBUN in Japanese 27 Apr 95 Evening Edition p 1

[By Kunihiko Yamaoka]

[FBIS Translated Text] New York, 26 Apr—To break the deadlocked issue concerning implementation of the contract on supply of light-water reactors, the United States has reiterated its call for the DPRK (North Korea) to hold consultations between high-ranking officials. In a telephone interview on this issue granted to YOMIURI SHIMBUN on 26 April, Minister Han Song-yol of the North Korean mission to the United Nations stated: "Even if we should agree to the proposal for holding high-level consultations, we feel that the meeting should be held after measures have been taken to partially lift the freeze on the nuclear facilities." Thus, he disclosed North Korea's plan to decide on a partial lifting of the freeze on the graphite-moderated reactor facilities.

Following the breakdown of negotiations held in Berlin, the United States has made a proposal for holding a high-level meeting, and for the first time, North Korea has indicated its plan for the partial lifting of the freeze on graphite-moderated reactor facilities. Therefore, despite efforts to break the deadlock on the contract issue over light-water reactors that has met with difficulties, it seems most likely that strained bargaining will continue between the two countries in the future.

Minister Han confirmed that U.S. Ambassador Gallucci (in charge of the nuclear issue on the Korean peninsula) sent a message to Kang Sok-chu, North Korean first deputy foreign minister, on the evening of 25 April. Then, he added: "Even if talks should be resumed between high-ranking officials, not much can be expected since no progress has been made in settling the issue on the selection of the model of light-water reactors." In this way, he indicated a strong dissatisfaction with the U.S. handling of this issue.

However, Minister Han avoided making any comments as to "what partial lifting of the freeze on nuclear facilities mean" in concrete terms.

So far, the United States has maintained that "refueling of the five-megawatt nuclear reactors is tantamount to the lifting of the freeze, and constitutes a violation of the agreement reached between the two countries."

Meanwhile, Minister Han stated: "No agreement was reached on the supply of light-water reactors by 21 April. Under such circumstances, if our country alone should maintain the freezing of facilities, it will not only cause a serious loss to the development of our independent nuclear industry but also bring about a disgrace on our country." In this way, he stressed North Korea's position that it has no intention to agree to holding a high-level meeting without a partial lifting of the freeze unless the United States shows a new flexible attitude.

'Military Pressure' on Nuclear Issue Alleged

SK2804110295 Pyongyang KCNA in English 1058 GMT 28 Apr 95

["Military Pressure Cannot Be Solution"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The United States is scheming to stage with the South Korean puppets joint military exercises, a play with fire for a preemptive nuclear attack on the DPRK, its partner of dialogue.

Commenting on this, newspapers here today denounce the planned exercises as a challenge to the DPRK's sovereignty and a wanton violation of the DPRK-U.S. framework agreement.

A NODONG SINMUN news analyst says:

Even after the announcement of the framework agreement, the United States has systematically put military pressure on and threat to the DPRK while stepping up the modernization of its forces present in South Korea. It worked out a war scenario aimed at invading the DPRK and conducted mock war games which involved a case of using nuclear arms in the skies above the Korean peninsula.

The facts show that though the agreed framework was adopted between the DPRK and the United States, the U.S. intention to isolate and stifle the DPRK remains unchanged.

Anyhow, it is a badly foolish attempt.

If the dialogue partner breaks its agreement we need not to keep it.

We will have no other choice but to take a countermeasure if the United States lay difficulties in light water reactors supply under an unreasonable pretext and seek anything through military pressure.

MINJU CHOSON says that arms buildup and war exercises are incompatible with peace.

If the United States persistently resort to the "policy of strength" and unleash a war of aggression in the Korean peninsula, it will meet its doom in it, the paper warns.

U.S.-ROK Joint 'Air War Drill' Denounced

SK2804045495 Pyongyang KCNA in English 0447 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The U.S. imperialist warhawks and the South Korean puppets carried out another joint air war drill against the northern half of Korea in the sky above South Korea not distant from the North's airspace over April 25-26, military sources said.

Involved massively in the drill were overseas-based assault and pursuit-assault planes and various types of fighters belonging to the U.S. Seventh Airforce and the puppet airforce.

On April 26, an overseas-based "RC-135" strategic reconnaissance plane made a shuttle-flight in the sky along the Military Demarcation Line (MDL), conducting electronic and filming espionage on the whole of the North side's territory.

In another development, artillery and heavy tank groups of the puppet army deployed in the middle and the west of South Korea, on April 25 and 26, kicked up a war fever shelling bombs under the North's very eyes.

These war exercises clearly show that the U.S. imperialist warhawks and the traitorous Kim Yong-sam group are running wild to drive the situation of the Korean peninsula to a critical phase.

ROK Soldiers Urged Against 'War Exercise'

SK2804034395 Pyongyang Radio Pyongyang in Korean to South Korea 0900 GMT 27 Apr 95

[Unattributed talk: "Antidialogue, Antipeace Crime," from "Hour for Officers and Men of South Korean Army" program]

[FBIS Translated Text] Officers and men of the South Korean Army: As you know very well, the traitorous Kim Yong-sam clique is more frenziedly waging war maneuvers against our Republic.

According to a report, the Kim Yong-sam puppet clique is going to stage a joint military exercise from late April to mid-May in collusion with outside forces to prepare for an emergency situation on the Korean peninsula.

It was learned that approximately 13,000 U.S. troops, including U.S. Forces in South Korea and from the U.S. mainland and the Pacific area, and numerous puppet forces will participate in this exercise.

It was said that during this joint military exercise, the rascals will conduct an exercise of taking over and assembling troops and equipment of U.S. reinforcements, and moving them to frontline area. They will also conduct a joint operation with existing ground forces. At the same time, they will examine commanding capabilities of South Korea-U.S. combined forces in a bid to prepare for a contingency on the Korean peninsula.

The Kim Yong-sam group's plan to stage another war exercise in collusion with outside forces is a vicious challenge to aspirations and desire of all fellow countrymen to make this year, the 50th anniversary of national liberation, the year to open a momentous aspect for national reunification. It is anti-dialogue, anti-peace crime undisguisedly denying peace and reunification.

The war provocation maneuvers, which the rascals are going to kick off, clearly proved that they are warmongers who deny the nation's reconciliation and North-South dialogue and who only pursue the nation's confrontation and war.

In the wake of 50th anniversary of national liberation, all fellow countrymen are filled with greater aspirations to national reunification than ever before.

For our fellow countrymen who are suffering immeasurable misfortunes and pains of national division for over scores of years, no wish is greater than reunification and no task is more urgent than reunification.

Therefore, our people are vigorously struggling to open a momentous aspect for national reunification in the nineties by realizing by all means the grand national festival to commemorate the 50th anniversary of national liberation this year.

At this very time, the Kim Yong-sam puppet clique, challenging this, is going to kick off a frenzied war exercise, thus straining the situation to an extreme pitch.

The Kim Yong-sam group is engrossed only with the ambition to achieve northward aggression. Prompted by this ambition, the Kim Yong-sam group is actually pursuing North-South confrontation and war, while giving only lip service to dialogue.

In late March, the Kim Yong-sam group staged a joint military exercise in areas around Cheju island with participation of a U.S. mobile fleet, including carriers, and by the puppet naval ships. In early April, the Kim Yong-sam group again staged a large-scale offensive-oriented northward aggressive war exercise in the air, in the ground, and on the sea in areas of South Korean Kangwon Province and North Kyongsang Province, with the mobilization of about 80,000 troops of the puppet army, navy and air force, and even of reserve forces. Worse still, the Kim Yong-sam group is constantly kicking off reckless military provocation maneuvers in areas along the Military Demarcation Line. All these facts clearly show that the Kim Yong-sam group is, in actuality, pursuing only North-South confrontation and war.

What must not go unnoticed is that the Kim Yong-sam group is planning to stage a large-scale war exercise in October with the mobilization of 120,000 troops of the puppet army, navy, and air force, and is accelerating preparations for this.

The Kim Yong-sam group announced war exercise plans one after another, thus playing with fire, and is frenziedly straining the situation. What is then its purpose for doing this? The South Korean puppet regime is in a unprecedentedly serious crisis.

It is clear to everyone that the Kim Yong-sam group is attempting to get rid of the crisis in such a manner as to instigate North- South confrontation by playing with the fire of war, to aggravate North-South relations, and to further intensify oppression of patriotic democratic forces in South Korea.

By intentionally aggravating the situation on the Korean peninsula through commotions on war, the Kim Yong-sam group is also pursuing the criminal purpose for laying obstacles to the implementation of the DPRK-U.S. framework agreement and to resumption of DPRK-Japan talks.

Through this fact, the treacherous nature of the Kim Yong-sam group, which does not want resumption of North-South dialogue nor peace and peaceful reunification of the nation, has been fully exposed.

The Kim Yong-sam group is making a seriously miscalculation. We do not want war but do not beg peace from the enemy.

The heroic Korean People's Army and our people, who are upholding the great sagacious commander and who are united around him with one mind, will never tolerate those who are repeatedly recklessly playing with fire. Those who ignite the flames of war will have to pay dear 100 and 1,000 times.

You, officers and men of the South Korean Army, have been driven into the criminal road against fellow countrymen at the order of the Kim Yong-sam group. For you, members of the nation, nothing is more shameful and nothing is more sinful than this.

If you have a genuine wish to love the nation and people and if you have a true aspiration of peace and peaceful reunification of the nation, you should no longer be driven into the exercise of northward war of aggression.

You should resolutely smash the Kim Yong-sam group's reckless aggressive war maneuvers to drive our people, including our beloved parents and brothers and sisters, into calamities of nuclear war.

Japan's Position on North-U.S. Talks Criticized

SK2804044995 Pyongyang KCNA in English 0440 GMT 28 Apr 95

["Japan Advised To Discard Bad Habit"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Japan is reportedly circulating a report that if the Democratic People's Republic of Korea feeds its experimental nuclear reactors with new fuel after the DPRK-U.S. working-level negotiations on the provision of light-water reactors (LWR) were ruptured, Japan will consider it to be an abrogation of the DPRK-U.S. agreed framework and join the United States and South Korea in imposing "sanctions" upon it through the United Nations Security Council.

Branding this as a very sinister behaviour to create an artificial obstacle and complexity in the solution of the issue, siding only with one side without an ounce of independence and impartiality, a news analyst of NODONG SINMUN today says:

The issue of implementing the DPRK-U.S. agreed framework including the provision of the LWRs belongs only to the DPRK and the United States. Accordingly, it is clear that Japan has no pretext to poke its nose into this issue.

At the DPRK-U.S. working-level negotiations on the provision of the LWRs, the DPRK repeatedly put forward epochal proposals and showed utmost magnanimity and made all efforts it could. But, the U.S. side, breaking its faith with the DPRK, took a very insincere attitude, thus bringing the negotiations to a rupture.

Had Japan had an intention to estimate the issue from a fair and impartial stand, it should have censured the United States for its position and taken issue with it.

If Japan truly wants the DPRK-U.S. agreed framework to be implemented smoothly, it should not join others in their unwarrantable row for pressure and "sanctions", currying favour with them nor clamour about them, but should look straight at the situation and act with discretion.

As Japan knows well, the DPRK will never be frightened by the "sanctions" nor will it be fearful of them. It has long lived under the continued sanctions. It has never gotten any "favour". Neither pressure nor "sanctions" will work on the DPRK.

Stability and peace on the Korean peninsula clamoured about by Japan cannot be expected from pressure or "sanctions". On the contrary, it will complicate things and lead the situation to a dangerous brink. Both pressure and "sanctions" pursued by Japan will only result in wrecking stability of Japan and its peaceful development. If a critical situation is created on the Korean peninsula, Japan, a neighbouring nation, will not go scotfree, either.

Japan had better discard the ill-natured habit of acting impudently and rudely without principles and behave with discretion.

'Reactionaries' Said Misbehaving

SK2804051095 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 27 Apr 95

[Commentary by Kim Ho-sam: "Do Not Act recklessly"]

[FBIS Translated Text] The Japanese reactionaries are misbehaving [mottoege nolgoissumnida] in connection with the rupture of the third round of the DPRK-U.S. negotiations on the supply of light-water reactors.

According to reports, the Japanese reactionaries, while saying that they hope the DPRK and the United States will solve the light- water reactors problem through negotiations, also said that if we reloaded the experimental atomic reactor with fuel, they would consider this to be the destruction of the DPRK-U.S. agreement and join the United States and South Korea in imposing so-called sanctions through the UN Security Council.

The Japanese authorities have been using progovernment media organizations to spread this opinion. Needless to say, this is the position of the Japanese authorities. This cunning trick employed by the Japanese authorities will not work on anyone.

Even after signing the agreement on resuming DPRK-Japan talks at the talks between the Workers Party of Korea and Japan's three ruling parties in Pyongyang on 30 March, the Japanese authorities have been watching the developments in the DPRK-U.S. talks on light- water reactors and took an insincere attitude of delaying intergovernmental talks. This shows that the current Japanese Government has followed in the steps of former Japanese governments, which carried out politics and diplomacy following other countries' opinions.

The Japanese reactionaries say that they hope the DPRK and the United States will solve the problem concerning the supply of light- water reactors through negotiations, but they also say that if we were to reload the experimental atomic reactor with fuel, they would consider this the destruction of the DPRK-U.S. agreement and join the United States and South Korea in imposing so-called sanctions through the UN Security Council. This is an impudent remark and an intolerable provocation against us.

Whether we reload the five-megawatt experimental atomic reactor with fuel or not is, in every way, a matter concerning our sovereignty, not a matter that Japan should meddle with.

Frightened at this, the Japanese authorities expressed their concern. They did so because they felt uneasy for crimes they had committed.

Whether we reload the experimental atomic reactor with fuel rods or not is a matter that will be decided on depending on the results of light-water reactors negotiations between us and the United States. And, this also is a matter that fully depends on whether the United States is sincere or not.

As a spokesman for our country's Foreign Ministry expressed it in a statement of our position on 22 April in answering reporter's questions, we will take necessary conclusive countermeasures upon learning more about the U.S. side's true intention in intergovernmental negotiations.

The countermeasures which we will take at that time will, definitely, be measures to defend our sovereignty and just and appropriate measures in every way. This is our position at present, and it is unquestionable.

Nevertheless, frightened and horror-stricken at this position, the Japanese authorities are making reckless remarks. It is clear that they do so because of their sense of guilt for their hostile policy toward our Republic. Japan's current action is like the saying that only sticks are visible to the eyes of a mad dog.

Japan should be faithful to the agreement on resuming the DPRK- Japan talks and correctly do what it should do, instead of being frightened at someone else's business and behaving like a spineless person who merely follows in someone else's steps.

If Japan employs tricks of the past to listen to someone else's opinions passively and tries to impose so-called sanctions on us even after signing the agreement to hold DPRK-Japan talks from independent positions, we will neither consider it to be a trustworthy dialogue partner nor sit face to face with them.

We take this opportunity to again clarify our position. The light-water reactors problem is a crucial issue in implementing the DPRK-U.S. agreement. Unless the negotiations on light-water reactors are concluded, other matters mentioned in the DPRK-U.S. agreement cannot be resolved satisfactorily.

After taking the U.S. side's position into full consideration, we advanced one realistic and flexible proposal after another and showed magnanimity. If, however, the United States tries to impose the nonexistent South Korean-model light-water reactors on us and crush us in collusion with South Korea, we will be compelled to take self-defensive measures and go our own way. UN sanctions will then immediately be considered a declaration of war against us.

We have repeatedly expressed our position on this. Japan joining someone else's sanctions will lead to a road of destruction like jumping into fire with fuel. There is no mercy in a war.

Responding to a war with a war is our firm resolve and unchanging position. No one should doubt this resolve of ours. If Japan thinks the Japanese islands will be able to remain an unsinkable aircraft carrier forever, this will be a grave miscalculation.

The present era is not the same as when Japan launched a surprise attack on Pearl Harbor in Hawaii in the early 1940's to ignite the Pacific War. Anyone who touches even an inch of our noble territorial land, sea, and airspace, irrespective of who he is, will end up like a tiger moth playing with fire at our first blow.

The Japanese authorities had better not run wild recklessly for their own sake.

Kim Yong-sam Advised To 'Act With Discretion'

SK2804104395 Pyongyang KCNA in English 1036 GMT 28 Apr 95

["Kim Yong-sam Group Advised To Act With Discretion"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The Kim Yong-sam group must act with discretion, clearly knowing that it has no qualification and justification to take part in the solution to the nuclear issue on the Korean peninsula, and stop running amuck, pondering over the consequences to be entailed by the failure in implementing the agreed framework reached between the Democratic People's Republic of Korea and the United States, warns MINJU CHOSON in a commentary today.

Recalling that at on-going conference for review and extension of the Nuclear Non-Proliferation Treaty, the South Korean puppets hurled slanders at the North and went the length of raising the issue of implementing the DPRK-U.S. agreed framework, the analyst says:

This does not deserve a passing note.

The South Korean puppets have neither qualification nor justification to find faults with the North over the nuclear issue.

If they are interested in the solution to the nuclear issue on the Korean peninsula, they must demand the withdrawal of the foreign nuclear weapons from South Korea and give up the development of nuclear weapons.

The North will never allow the South Korean puppets to meddle in the implementation of the DPRK-U.S. agreed framework.

This is the invariable principled stand of the North and there cannot be any slightest concession to this issue.

If the DPRK-U.S. agreed framework is killed, the situation on the Korean peninsula will be brought to a very serious phase and then, a crushing blow will be delivered at the puppets, who are running amuck as a newborn puppy knows no fear of a tiger.

Kim Yong-sam Trying To 'Block' Chuche Influence

SK2804052195 Pyongyang KCNA in English 0444 GMT 28 Apr 95

["Culmination of Anachronistic Acts "—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—NODONG SINMUN today carries a by-lined article headlined "Attraction of the Chuche Idea Cannot Be Blocked With Anything".

The Kim Yong-sam group is trying to prevent the influence of the chuche idea at the point of bayonet but it is as foolish as trying to block the rays of the sun rising in the morning with palm of the hand, the article says, and goes on:

Upset by the rapid dissemination of the chuche idea in South Korea, the Kim Yong-sam puppet clique is suppressing the followers of the chuche idea and those involved in it, kicking up a racket to "remove the chuche idea faction". This clearly shows the reactionary temperament of the traitor Kim Yong-sam doggedly going against the trend of the time.

The attraction and influence of the revolutionary idea which has become a great trend of the era such as the chuche idea cannot be blocked with any force. Today it has become a trend of the time to follow the chuche idea. There is no law banning the dissemination of the chuche idea and no ruler who openly suppresses it in any countries in the East and West.

Only the South Korean ruling quarters are hell bent on the suppression of the followers of the chuche idea. This is, indeed, the culmination of anachronistic acts. Those suppressing the advanced idea are bound to meet a miserable end in the flame of this idea.

The traitor Kim Yong-sam's fate cannot be otherwise.

Paper Urges Korean Struggle for Reunification

SK2804103595 Pyongyang KCNA in English 1024 GMT 28 Apr 95

["All Koreans' Struggle for Reunification Under Banner of Great National Unity Urged"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Today the entire Korean people in the North, South and overseas are confronted with an important and urgent task to achieve the honorable cause of reunifying the country in the 90s under the leadership of the great leader Comrade Kim Chong-il, upholding the banner of great national unity, true to the behests of the great leader Comrade Kim Il-song.

NODONG SINMUN says this in a signed article today.

The great leader Comrade Kim Il-song said that the problem of reunifying the country in an independent and peaceful way is unthinkable apart from great unity of the nation.

It is possible only under the great unity of the whole nation to build a driving force for national reunification, smash the anti- reunification moves of the separatists within and without and open a turning phase for the reunification, the paper stresses, and goes on:

Let the whole nation achieve the great unity—this is the foremost slogan of struggle which should be upheld by the Korean nation today.

Nothing is more urgent and important for all the fellow countrymen at present than to unite as one nation transcending all their differences, whether they be in the North, or in the South, or overseas, and whether they be communists or nationalists, rich or poor, atheists or believers.

The 70 million fellow countrymen in the North, South and overseas should firmly unite on the principle of subordinating everything to the reunification of the country, the common interests of the nation that must be put above any regional and class interests, and direct all possible efforts to the cause of national reunification.

Government Delegation Departs for WHO Meeting

SK2404110595 Pyongyang KCNA in English 1045 GMT 24 Apr 95

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—A DPRK delegation headed by Minister of Public Health Kim Su-hak left here today to participate in the 48th general meeting of the World Health Organisation (WHO) to be held in Geneva.

It was seen off at Pyongyang Railway Station by Vice-minister of Public Health Choe Chang-sik.

Secretary Hwang Chang-yop Meets French Guest

SK2604231695 Pyongyang KCNA in English 1517 GMT 26 Apr 95

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, today met and conversed in a friendly atmosphere with delegate of Radical of France Jean-Marie Cambaceres [party and name as received], who is national secretary in charge of international affairs of the party and chairman of the France-Asia Association, on a visit to Korea.

Kang Song-san Sends Greetings to Finnish Premier

SK2604110895 Pyongyang KCNA in English 1029 GMT 26 Apr 95

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA)—Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, sent a message of greetings to Paavo Lipponen [name as received], on his appointment as prime minister of the Republic of Finland.

The message wished him success in his responsible work for prosperity of the country.

Kim Yong-nam Delegation Arrives in Indonesia

SK2604081095 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 23 Apr 95

[FBIS Translated Text] The DPRK delegation headed by Kim Yong- nam, vice premier and foreign minister, arrived in Bandung, Indonesia, on 22 April to attend the meeting of non-aligned countries' foreign ministers and a commemorative event marking the 40th anniversary of the Bandung Conference.

The delegation was greeted at the airport by a general supervisor of the Indonesian Foreign Ministry.

Prior to this, the delegation had visited Jakarta, Indonesia, on 20 April.

Meeting Marks Togo's Anniversary of Independence

SK2504062695 Pyongyang KCNA in English 0503 GMT 25 Apr 95

[FBIS Transcribed Text] Pyongyang, April 25 (KCNA)—The Committee for Cultural Relations With Foreign Countries and the Korea-Togo Friendship Association sponsored a meeting in Pyongyang on April 24 to commemorate the 35th anniversary of the independence of Togo.

Present at the meeting were An Pok-man, deputy editor-in-chief of MINJU CHOSON and vice-chairman of the Korea-Togo Friendship Association, and officials concerned and working people in the city.

The meeting heard a speech and adopted a message of greetings to the president of the Republic of Togo.

Reports on Sports, Cultural Festival Continue

Chongnyon Journalists Arrive

SK2404045995 Pyongyang KCNA in English 0450 GMT 24 Apr 95

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—A group of journalists of the General Association of Korean Residents in Japan (Chongnyon) arrived in Wonsan on Sunday [23 April] by the ship "Mangyongbong-92" to cover the Pyongyang International Sports and Cultural Festival for Peace.

Tourists Visit Kim Il-song Statue

SK2404050095 Pyongyang KCNA in English 0452 GMT 24 Apr 95

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—The members of the advance group of the New Japan Pro-Wrestling Co., the 8th tourist group from Dandong, China, the 2nd tourist group from Japan, the U.S. Hana (One) Tourist Group, the tourist group of the Australian "Tongil Travel Service", the Japanese Asahi and NHK cameramen groups on a visit to Korea for the Pyongyang International Sports and Cultural Festival for Peace called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang to pay homage to him.

The guests laid bouquets of flowers before the statue of President Kim Il-song in reverence for him before making a bow to him.

U.S., PRC Groups Arrive

SK2504062895 Pyongyang KCNA in English 0433 GMT 25 Apr 95

[FBIS Transcribed Text] Pyongyang, April 25 (KCNA)—The first tourist group from Yanji, China, arrived here on April 24 to participate in the Pyongyang International Sports and Cultural Festival for Peace.

Earlier, the U.S. ABC journalists group, a U.S.-resident Korean tourists group, the third Canada-resident Korean tourists group, the 11th and 13th tourist groups from Dandong, China, came here.

Koreans in Japan Delegates Arrive

SK2504062595 Pyongyang KCNA in English 0432 GMT 25 Apr 95

[FBIS Transcribed Text] Pyongyang, April 25 (KCNA)—A delegation of the General Association of Korean Residents in Japan (Chongnyon) headed by Vice-director General of the Secretariat of its Central Standing Committee Chong Kwang-su arrived in Pyongyang on April 23 to attend the Pyongyang International Sports and Cultural Festival for Peace.

That day the delegation laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill before making a bow to him.

Peace Committee Hosts Reception

SK2804062495 Pyongyang KCNA in English 0430 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The Korean Asia-Pacific Peace Committee [KAPPC] gave a reception for the participants in the Pyongyang International Sports and Cultural Festival for Peace at the Mokran House on Thursday.

Speaking at the reception, KAPPC Chairman Kim Yong-sun said, "The festival is delighting the Korean people as it is held in April when they are significantly commemorating the 83rd birth anniversary of the great leader Comrade Kim Il-song, the father of the nation, as the greatest national holiday."

The Pyongyang festival will be a festival of special mention in promoting understanding and solidarity among peoples in the idea of independence, peace and friendship and contributing to peace in Asia and the rest of the world, and it will also be a good opportunity for the festival participants to have a deeper understanding of Korea, an independent and friendly country, he said.

"Independence, peace and friendship are the basic principle invariably maintained by the Workers' Party of Korea and the DPRK Government in external relations," he noted, adding:

"We will make every possible effort to further develop the friendly and cooperative relations with all the nations advocating independence and to ensure peace in Asia and the rest of the world."

President of the New Japan Pro-Wrestling Co. Kanji Inoki, who is leader of the Sports Peace Party and member of the House of Councillors of Japan, said in his speech: "The festival city of Pyongyang is in full readiness and the bright and hopeful life of the intimate Korean friends are further captivating us."

"My wish was to hold big pro-wrestling competitions and have my last match as a wrestler, here in Korea, the homeland of Mr. Rikidoozan, who was the matchless champion and an unforgettable teacher of mine and who ushered in the golden time of pro-wrestling in the world," Kanji Inoki noted, adding:

"This wish can be realized at last thanks to the decision and solicitude of broad-minded and tender-hearted, esteemed His Excellency Kim Chong-il."

"I express my best wishes and deepest thanks to His Excellency Kim Chong-il, the supreme leader of the Korean people, for having shown his personal care for a successful holding of the festival," he said.

Grand Opening of Festival Noted

SK2804111095 Pyongyang KCNA in English 1102 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—A grand opening ceremony of the Pyongyang International Sports and Cultural Festival for Peace is being held at the May Day Stadium in Pyongyang from 19:00 on Friday [1000 GMT 28 April].

The Pyongyang Festival will make a big contribution to developing the world's sports and culture, ensuring peace in Asia and rest of the world and strengthening friendship and exchange among the peoples.

It is drawing particular attention of the people at home and abroad, because it is being held in the presence of many pro- wrestling stars of the world in the motherland of Rikidoozan (Kim Sin-nak), produced by the Korean nation, who had won fame as the world pro-wrestling champion.

The colourfully decorated 150,000-seat May Day Stadium is crowded with world's pro-wrestling stars, artistes, thousands of guests of honor, tourists, and Korean athletes, men of culture, working people and youth and students.

Among them is President of the New Japan Pro-Wrestling Co. Kanji Inoki who is leader of the Sports Peace Party and member of the House of Councillors of Japan.

Invited to the opening ceremony were Vice-President Pak Song- chol, Vice-Premier Hong Song-nam and secretaries of the Central Committee of the Workers' Party of Korea Kim Ki-nam, Wang Chang-yop, Kim Chung-nin and Kim Yong-sun, Vice-Premier and Minister of Culture and Art Chang Chol.

The Chairman of the State Physical Culture and Sports Commission Pak Myong-chol and Kanji Inoki are due to speak at the opening ceremony.

The ceremony will be followed by matches of world pro-wrestling stars.

Meeting Held in Peru Honors Kim Chong-il

SK2804103995 Pyongyang KCNA in English 1031 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The great leader Comrade Kim Chong-il was awarded the honorary citizenship title of Ica city, Peru and the medal of the city on the occasion of the 63rd founding anniversary of the heroic Korean People's Army.

At a meeting held at the conference room of the Ica City Hall on April 21 the brief history of the revolutionary activities of Comrade Kim Chong-il was introduced and a decision of the city council on awarding the title and the medal to him was conveyed.

The decision noted that the great leader Marshal Kim Chong-il, supreme commander of the Korean People's Army, as a successor to the great leader Generalissimo Kim Il-song, is faithfully and steadfastly carrying forward the revolutionary traditions established by the generalissimo and that the great change of socialist Korea under his leadership is an example for the peoples of the third world countries and for the world revolution.

The Ica City Council decided to award the Ica City Honorary Citizenship Title and the City Medal to his excellency the Great Kim Chong-il, supreme commander of the Korean People's Army and the supreme leader of the Democratic People's Republic of Korea, in high appreciation of his exploits, said the decision.

At the meeting, Mayor Rosa Zarate Sanchez [spelling of name as received] handed the Ica City Honorary Citizenship Card and the city medal to the DPRK ambassador to Peru.

Kim Chong-il Receives Flowers From Thai Guests

SK2704053595 Pyongyang KCNA in English 0504 GMT 27 Apr 95

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA)—The great leader Comrade Kim Chong-il received a floral basket from the Thailand-Korea People's Friendship Organization on the occasion of the 63rd anniversary of the foundation of the heroic Korean People's Army.

Karuna Chuachang [name as received], secretary general of the organization, on a visit to Korea, conveyed it to an official concerned.

Kim Chong-il Sends Training Equipment to School

SK2204051095 Pyongyang KCNA in English 0454 GMT 22 Apr 95

[FBIS Transcribed Text] Pyongyang, April 22 (KCNA)—The great leader Comrade Kim Chong-il sent tens of sets of physical training apparatuses to the Mangyongdae School Children's Palace for extracurricular physical activities of school youths and children.

Comrade Kim Chong-il built the palace and sent astronomical telescope, training cars, musical instruments and other modern facilities and apparatuses one after another. And he sent physical training apparatuses to the palace this time again.

This shows his noble intention to rear the new generation to be able persons who are knowledgeable, morally impeccable and physically sound for the future.

Kim Chung-nin at Symposium on Kim Chong-il Work

SK2804043495 Pyongyang KCNA in English 0421 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—A symposium took place here on April 26 to commemorate the tenth anniversary of the publication of the great leader Comrade Kim Chong-il's historic work "On Strengthening Party Guidance in the Activities of the Working People's Organisations."

The work, which was published on April 30, 1985, gives a comprehensive exposition of the necessity of the party guidance in the activities of the working people's organisations, its basic content, principles of directing the activities of the working people's organisations, and its tasks and ways.

The speakers said the dear leader Comrade Kim Chong-il put forward the original idea and theories on the party guidance in the activities of the working people's organisations so as to build the working people's organisations into political organisations with firm ideological and leadership system of the leader and firmly unite broad segments of the people around the party and dynamically encourage them to implement the party policies.

Comrade Kim Chong-il clearly indicated the way for the working people's organisations to remain true to the party leadership and discharge their own duty with credit, the speakers said, and continued:

This is one more imperishable feat performed by him in the building of the working people's organisations.

They called for carrying the revolutionary cause of chuche to completion down through generations.

The symposium was attended by Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea, and officials of the party and working people's organisations and of party cadres training institutes.

*Editorial Urges Total Unity Around Kim Chong-il

952C0097A Pyongyang NODONG SINMUN in Korean 5 Jan 95 p 1

[Editorial: "Let Us Achieve a New Victory on the Strength of Wholehearted Unity"]

[FBIS Translated Text] The Historical March of 1995—the new year which will become another turning point in the fulfillment of the cause of chuche—has begun.

The year 1995 is a significant year in which fall the 50th founding anniversary of our party and the 50th founding anniversary of the liberation of our country. Great indeed is the significance this year's struggle will have in realizing the complete victory of socialism—the cherished desire of our people—in giving full scope to the superiority of our way of socialism, and in achieving the sacred cause of national reunification.

If the year 1994 was marked as the year of the greatest loss for our nation as our people spent days in tears mourning the loss of the fatherly leader, we must glorify the new year as the year of the victors by making the influence of our party, our country, and our nation, which are all known for his name, felt throughout the world. It is an unshakable determination of the whole party and a unanimous desire of all our people to fight on staunchly as befitting the great leader's fighters in order to make their country more affluent and powerful.

All important in winning a brilliant victory in the new year's militant struggle is to strengthen the wholehearted unity of the revolutionary force in every possible way by rallying around the great helmsman in one and the same mind.

The great helmsman Comrade Kim Chong-il pointed out as follows: "We must confront the enemy by wholehearted unity, defend and perfect our way of socialism by wholehearted unity in the future. To strengthen the wholehearted unity of the party and the revolutionary force is a central task to which our party must always adhere."

Wholehearted unity is the eternal philosophy of our party.

Our party has always done its utmost to strengthen the unity of the revolutionary force throughout its long and arduous period of the revolution, and accomplished Herculean tasks with the strength of unity. As long as we are united with unbreakable wholehearted unity in terms of ideological will and moral obligations, we can break through any ordeal and work miracles that will amaze the whole world. That is the philosophical creed of our party. Our party's stand that views unity as a cardinal principle will remain unchanged forever.

The wholehearted unity of the whole party, all the people, and the whole Army, rallied tightly around the great helmsman Comrade Kim Chong-il in one and the same mind, has been cemented more solidly than ever before. While mourning the loss of the fatherly leader with unending tears last year, our people made a solemn pledge, and repeated and reaffirmed it over and over, to hold the great helmsman in high esteem. This was a clear demonstration of our powerful, wholehearted unity. The great leader who pioneered the cause of revolution is no longer with us, but the wholehearted unity with which the whole party and all our people are banding together hundreds or thousands of times more tightly, will be eternal and invincible. We must vigorously accelerate our march of the new year on the strength of this unity. We must vigorously march forward under the slogan "Let us mark the 50th founding anniversary of the Korean Workers Party [KWP] with a heightened political zeal and brilliant work achievements!."

To strengthen the wholehearted unity of our party and the revolutionary force is the most important requirement today in bringing about an upturn in all sectors of socialist construction by upholding the last teaching of the departed fatherly leader.

This year we are faced with the very weighty task of drastically improving the people's living standards and giving full scope to the superiority of our way of socialism in every sector by implementing the revolutionary economic strategy of our party. The new year's struggle is indeed an honorable and rewarding one for the prosperity and development of our country, our fatherland, which the fatherly leader built and glorified. Standing in the van of this solemn struggle is our great helmsman Comrade Kim Chong-il.

The leadership of the great Comrade Kim Chong-il is an ever victorious leadership that can turn misfortunes into blessings under whatever circumstances, a great leadership that can bring about epochal changes by redoubling the strength of the masses. If the whole party, the whole Army, and all our people band together around our respected and beloved supreme commander, there will be no fortress that we cannot capture. The accomplishment of all militant tasks confronting us in our efforts to mark the KWP 50th founding anniversary with heightened political fervor and brilliant work achievements depends definitely on how we will augment the political and ideological strength of our revolutionary force, united around the great helmsman with singleness of purpose.

Today, strengthening the unbreakable wholehearted unity of our party and revolutionary force is an essential requirement in crushing the imperialist machinations to isolate and strangle our republic to death and resolutely defending our way of socialism.

The environment surrounding our revolution last year remained complex and strained. At a time when the world's reactionaries were directing the arrowhead of their attack at our country, it was thanks to the wholehearted unity of the revolutionary force that our party, our people, and our revolutionary army were able to vigorously demonstrate our national dignity and defend the gains of socialism completely. The signal victory we won in last year's struggle in the fierce confrontation with imperialism clearly demonstrated that our wholehearted unity is more powerful than atomic bombs and that any enemy or any modern weapon is powerless before a people like ours who are infinitely loyal to the party and the leader.

The wholehearted unity is precisely the fountainhead of the inexhaustible strength of our people, who are staunchly marching forward on the one road of chuche, upholding unswervingly the banner of socialism, the revolutionary banner, even when socialism was crumbling in many countries and when all kinds of antisocialist tides were rampant. Strengthening the wholehearted unity is the only way to brilliantly explore our destiny and win victory for socialism. When we strengthen the wholehearted unity in every possible way, regarding it as precious as our own lives, our country will become an impregnable bastion of socialism forever, and our people and the revolutionary Army will demonstrate their mettle as an ever-victorious people and an invincible Army.

Etched deep in the heart of every one of our people who have vigorously launched into the new year's historical march is the last earnest teaching of the fatherly leader that they must rally tightly around Comrade Kim Chong-il to fulfill the cause of chuche. Staunchly to preserve and glorify the traditional unity of our revolution through all generations is the loftiest moral obligation today for our revolutionary fighters who grew up in the bosom of the fatherly leader. We must strive more doggedly to cement the unity and solidarity of our revolutionary force—the kindred ties that bond the leader and the people together—in the current rewarding struggle to protect and defend our way of socialism.

All party members and workers must above all support the leadership of the great helmsman Comrade Kim Chong-il with loyalty and filial duty, cherishing deep in their hearts the pride they take in their good fortune of having such superb leaders from generation to generation.

The firmness of unity stems from the firmness of its center. It was because we had the great leader Comrade Kim Il-song as the center of unity, the center of leadership, that our wholehearted unity could be an airtight unity from the beginning; and it was because the great helmsman Comrade Kim Chong-il stands at the head of our party, our people, and our revolutionary Armed Forces that our unity has become an eternal unity that will grow evermore solid continuing from one generation to the next. In our revolution, the center of unity can not sway now, nor tomorrow.

Our party members and workers are most fortunate to have the dear leader Comrade Kim Chong-il, the peerless great man, as the great leader of our party and our people. We must cherish deep in our hearts our pride as the revolutionary people who are blessed with such outstanding leaders from one generation to the next, as well as the absolute worship of their leader, trusting him like heaven. All party members must fully understand by experience the greatness of the supreme commander Comrade Kim Chong-il's thought, the greatness of his leadership, and the greatness of his personality, and reinforce their determination to share their fate and fortune with the party to the end, with their destiny and future wholly entrusted to the great leader.

With the unshakable conviction that our great leader is none but the great Comrade Kim Chong-il and that Comrade Kim Chong-il is the fatherly leader, we must prepare ourselves thoroughly as true loyal subjects and filial children of the great helmsman Comrade Kim Chong-il by being all the more loyal and filial to him to make up for having failed to be as loyal and filial to the departed leader as we should have been.

In solidifying and developing our wholehearted unity, it is essential for the whole party and all the people to arm themselves more stalwartly with the thought and theory of the great helmsman Comrade Kim Chong-il.

The thought and theory of the great helmsman Comrade Kim Chong-il are the direct heritage of the revolutionary thought of Comrade Kim Il-song and its development in depth. This thought and theory is the revolutionary banner that enables us today to achieve an unconditional unity in the thought, determination, and activities of our revolutionary force.

All party members and workers must firmly believe that the thought of the great Comrade Kim Chong-il is the only thought that enables our people to defend and preserve socialism and bring it to consummation, and with this belief, strenuously carry out the task to arm themselves with this thought. Particularly, they must study in depth "Socialism Is a Science" and other recently published immortal masterpieces of the great helmsman Comrade Kim Chong-il and assimilate them into their bones and flesh and brilliantly implement the tasks outlined in them in the practice of socialist construction. Through these tasks they must continually add luster to the great ethos of unity of our people, who share the same desires with their leader, who are in tune with the heartbeat of the party, and who think and act in accordance with the will of the party.

In our country today, the whole party and the whole society are filled so thoroughly with the thought and will of the great helmsman Comrade Kim Chong-il that in our revolutionary force there is no room for any alien ideological elements to seep in. Under the circumstances in which the imperialists are incessantly intensifying their machinations for ideological and cultural infiltration, we cannot neglect even for a moment the task to strengthen the unity of the revolutionary force in terms of ideological will. All party members and workers must comprehend in depth the inherent nature and toxicity of all reactionary, ideological tides contradictory to the socialist ideology of chuche and wage a resolute struggle against them.

To establish a strong revolutionary ethos and order by which all of us move as one in every sector and in every unit in accordance with the thought and leadership of the great helmsman Comrade Kim Chong-il is an important requirement in augmenting the strength of the wholehearted unity of our revolutionary force.

At this juncture, when the whole party, all the people, and the while Army are unanimously launching into the march toward the goal of adorning the 50th founding anniversary of the WPK as a grand celebration of the victors, it is all the more important to enhance the leadership of the party.

We must establish the revolutionary ethos of unconditionally accepting and unconditionally implementing the party's lines, policies, decisions, and instructions all the more firmly within the whole party and the whole society . With the granite conviction that there is nothing that they cannot accomplish when they follow the teachings of the great helmsman Comrade Kim Chong-il, all party members and workers must brilliantly fulfill their party-assigned militant duties for this year with the revolutionary spirit of self-reliance and fortitude. When all party members and workers doggedly fight on in the spirit of absolutism and unconditionality upholding the loyalty slogan "The party decides, and we carry out," they will be able to produce another great exploit in this year's march toward implementing the party's revolutionary economic strategy and bringing a new upturn in socialist construction.

For the KPA, the leadership of the supreme commander is as vital as life itself. All KPA officers and men must vigorously display the great feature of the KPA as the leader's Army and the party's Army by giving full scope to the revolutionary military ethos of supporting the respected and beloved supreme commander Comrade Kim Chong-il with loyalty and executing his orders unconditionally and thoroughly, without the slightest deviation.

In vigorously accelerating the new year's march on the strength of the wholehearted unity, it is very important to enhance the militant functions and roles of party organizations at all levels.

To strengthen the wholehearted unity of the revolutionary force is a central task to which party organizations must always hold fast.

Party organizations must step up more aggressively the ideological indoctrination work designed to make party members and workers profoundly comprehend the respected and beloved supreme commander Comrade Kim Chong-il's greatness, in conformity with the current, solemn reality in which the rewarding march in the new year, 1995, has just begun. In addition, party members and workers must be made to have a profound understanding of how the tradition of the wholehearted unity of our revolutionary force was forged in the process of an arduous struggle and what lofty height this tradition has attained during the period under the leadership of the great helmsman Comrade Kim Chong-il. Through this indoctrination, all party members and workers must be taught to strive to value and preserve our wholehearted unity regarding it as their own lives. In particular, all leading functionaries—the nucleus and backbone of the party and the commanding personnel of the revolution—must be led properly to play a vanguard role in the struggle to strengthen and glorify the wholehearted unity of our party rallied around the great helmsman.

Party organizations must carry out a vigorous organizational and political work to inspire party members and workers into the struggle to implement the tasks outlined in the New Year joint editorial carried in NODONG SINMUN, so that they may make this year—the 50th founding anniversary of the party and the 50th founding anniversary of the liberation of our country—the year of the victors in which the mighty power of the wholehearted unity of our party will be felt once again throughout the whole world.

Let us all achieve great victory after great victory in the new year's combat on the strength of our wholehearted unity, rallying tightly around the great helmsman Comrade Kim Chong-il.

*Kim Chong-il Work Stresses Ideological Remolding

952C0092A Pyongyang NODONG SINMUN in Korean 16 Dec 94 p 2

[Article by Pak Chong-nam: "Giving Priority to Ideological Remolding Work, Political Work, Is Inherent Demand of Socialist Society"]

[FBIS Translated Text] The dear leader Comrade Kim Chong-il, in his classic work "Socialism Is Science," clearly elucidated fundamental issues in building socialist society centering on the masses of people and bringing its superiority into play, based on a chuche-oriented viewpoint and position toward the masses of people. In this connection, the ideology of giving priority to ideological remolding work, political work, over all other work is of important significance.

The dear comrade leader Comrade Kim Chong-il pointed out as follows:

"In order for the masses of people to acquit themselves fully of their responsibility and role as the masters of society in everything, they must enhance their self-awareness as masters; to that end, we must give priority to ideological remolding work, political work. To give priority to ideological remolding work, political work, over all other work is an inherent demand of socialist society."

To give priority to ideological remolding work, political work, is one of the important demands that must be met to build and develop socialism in a way consistent with the inherent nature of socialist society and to bring its superiority and strength into play.

Giving priority to ideological remolding work, political work, means putting the primary emphasis on the work to remold all members of society the communist way and enhancing their revolutionary fervor and creative positiveness, and placing it definitely ahead of all other work.

The ideology of the dear comrade leader giving priority to ideological remolding work, political work, in socialist construction is based on the ideological theory of chuche: In revolutionary struggles and construction work, ideologies of people work as the key factor and everything is determined by them.

Activities of people to reform society and remake nature are regulated precisely by their ideological consciousness. Lying at the base of all thoughts and activities of people is their ideological consciousness.

Ideological consciousness is the key factor adjusting and controlling all activities of people. In revolution and construction, therefore, ideological remolding work, political work, must always be given priority over all other work so as to arm people with independent ideological consciousness and activate them ideologically.

Giving priority to ideological remolding work, political work, is, most importantly, an inherent demand of socialist society in which the masses of people are the masters.

In socialist society, the masses of people are the masters in everything. Therefore, they must acquit themselves fully of their responsibility and role as the masters. Only by doing so can they keep their position and rights as the masters.

In order for the masses of people to acquit themselves fully of their responsibility and role, they must have high self-awareness as the masters. The fact alone that a socialist system has been established and that the masses of people have become the masters of the state and society does not mean that the masses automatically develop high ideological consciousness for themselves befitting their position as the masters. Once a socialist system is established, they are indeed freed from social and political enslavement right away but not from the grip of old ideologies. The task of freeing them from the grip of old ideologies and arming them with socialist ideologies can be accomplished only through positive ideological remolding.

In the past, ideological consciousness had been viewed simply as a reflection of the real world. And consequently, it was thought that once a socialist system is established, the ideological consciousness of people will change accordingly by itself as their material livelihood changes. But people do not automatically develop the ideology of loving the socialist collective, socialist system and socialist gains for themselves.

It is only through objective-conscious ideological indoctrination and practice that they come to have the ideology that they are the masters of the state and society and, as such, should acquit themselves fully of their responsibility and role. As history shows, if we—thinking mistakenly that when objective conditions change, ideological consciousness will also change—should neglect ideological remolding work and fail to indoctrinate people the communist way, old ideologies will proliferate and, as a result, the revolutionary spirit among people will gradually weaken, giving way to ideological trends, indulging in indolence and an easy-going life. Even after exploitation and oppression have been wiped out, ideological remolding work should be intensified as material life becomes more affluent. The work of remolding people ideologically is more difficult than the work of reforming society or developing production.

Whether or not we can root out individualism, egoism, and other old ideologies from the heads of people and arm them with communist ideologies is a matter of life and death with vital effects on the destiny of socialism.

While capitalist society is based on individualism, socialist society is based on collectivism. In capitalist society, for individuals to pursue their interests is regarded as the basic purpose of life and, therefore, it is inconceivable that people can have common ideologies devoted to the protection of the interests of society and the collective.

In capitalist society, everything—including human beings—is evaluated in terms of money on the principle that material interest controls everything. Money controls every aspect of life in that society. So, one may say that money is the staff of life. In socialist society, however, in which the masses of people are the masters of everything, the common interests of the state and society are, in themselves, the basic interests of all people; therefore, only when all people unite and cooperate with one another in a comradely fashion, with self-awareness as the masters of the state and society, can all of life develop in a way that satisfies the demands of the masses of people, the masters, and can socialist construction also be pushed ahead vigorously. In socialist society, if the masses of people are to keep their position as the masters of everything and acquit themselves fully of their responsibility and role, they must have socialist collectivist ideologies. So, it can be said that socialist ideologies are the life of socialist society. Socialism wins when the masses of people arm themselves with socialist ideologies and unite as one based on them; it is ruined when they become ideologically ill. Precisely, the superiority of socialism over capitalism lies in its ideologies; the might of socialism lies in its ideological strength. In socialist construction, therefore, ideological remolding work, the work of remolding people the communist way, should be pushed ahead with definite priority over all other work.

To give priority to ideological remolding work, political work, is an indispensable requirement for enhancing the role of the masses of people and, through it, accelerating socialist construction vigorously.

Since it is people who remake nature and reform society, the outcome of socialist construction depends on how we do our work with people. Essentially, work with people is work with their ideologies, namely, political work. To give priority to political work over all other work is a basic requirement for bringing the revolutionary fervor and creative positiveness of the masses of people—the entity in charge of socialist construction—into fuller play and, through it, accelerating socialist construction.

In socialist society, the masses of people are the masters of the state and society, and the basic driving force for its development is the high revolutionary fervor and creative positiveness of the masses of people armed with independent ideological consciousness and united solidly around the party and the leader.

In socialist society, the masses of people are the masters of everything; everything exists to serve them and their comradely solidarity and cooperation constitutes the basis of social relations. In it, therefore, their self-awareness and role as the masters is the driving force in every work; all people, with vital interests in the consolidation and development of the social system and in socialist construction, display high revolutionary fervor and creative positiveness for the party and the leader, society, and the collective, helping and leading one another. This is the intrinsic superiority of socialist society basically distinguishing it from capitalist society, in which governmental power and means of production are in the hands of the exploiting class, and in which it is the sheer necessity to keep body and soul together that makes people work and in which it is coercion that makes them move. However, that superiority of socialist society does not come into play by itself.

Remolding all members of society the communist way and enhancing infinitely their revolutionary fervor and creative positiveness infinitely by giving priority to ideological remolding work, political work, is the only way to accelerate the revolution and construction and bring the superiority of socialism into fuller play. Therefore, in socialist construction, we must forge ahead always with the focus on indoctrinating the masses of people and enhancing their revolutionary fervor and creative positiveness by giving priority to ideological remolding work, political work. Indoctrinating, remolding and uniting the masses of people and mobilizing their resources is the most correct way to accelerate socialist construction.

If anyone should go against the inherent nature of socialist society and attempt to move people by coercion or money, he cannot arouse their revolutionary fervor and creative positiveness nor bring the superiority of socialist society into play. It is the capitalist way to make people move by coercion or money. Reliance on the capitalist way not only makes it impossible to bring the revolutionary fervor and initiative into play but also causes the socialist system itself to degenerate, putting it in jeopardy. This is the truth demonstrated by the historical lessons of socialist construction in some countries.

Giving priority to ideological remolding work, political work, is the most correct way to push the revolution and construction vigorously to build socialism, communism successfully. This is the most positive way to enhance the revolutionary self-awareness and creative positiveness of people and bring them to create all the necessary conditions actively on their own to accelerate the revolution and construction, instead of sitting back either awaiting some favorable conditions to develop or pinning hopes on "aid" and "cooperation" from some outside forces. It is the revolutionary way to strengthen a socialist system and bring its superiority into full play.

Our party has been able to vigorously accelerate the revolution and construction and bring the superiority of our way of socialism into full play by giving priority to ideological remolding work, political work, over all other work, and by relying on the high revolutionary fervor and creative positiveness thus developed.

The high revolutionary fervor and creative positiveness of the masses of people united firmly around the party and the leader is the source of strength that enables our way of socialism—which centers on the masses of people—to demonstrate its superiority and invincibility as the most scientific socialism.

Our socialist ideologies are greatest, our party's leadership is most sagacious, and our people's ideological resolution is immutable. Our people will continue to add luster to our socialism that has its primary emphasis on man, the socialism centering on the masses of people, which is most superior and mightiest in the world.

Zimbabwean Study Group on Both Kims Formed

SK2804043295 Pyongyang KCNA in English 0416 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The Zimbabwean Group for the Study of Kimilsongism-Kimchongilism was inaugurated with a due ceremony in Chitungwiza, Harare Province, on April 15, the birth anniversary of the great leader President Kim Il-song.

Addressing the meeting, Joseph Macheka, a lawmaker of Zimbabwe, elaborated on the brief history of the revolutionary activities of President Kim Il-song and the great leader Comrade Kim Chong-il.

Kimilsongism-Kimchongilism is the most scientific, revolutionary doctrine which gives man the consciousness of being the master of the world and of his own destiny and which gives correct answers to all the theoretical and practical questions arising in realising eternal happiness and prosperity of humankind, he said.

Kimilsongism-Kimchongilism is a great guiding idea of the era of independence, he said, and called for making a deep-going study of its truth and greatness and making active efforts for global independence.

The deputy mayor of Chitungwiza, Harare Province, Zimbabwe, was elected chairman of the group.

Then a letter to Comrade Kim Chong-il was adopted.

Kim Il-song Leaflets Said Near ROK Assembly

SK2804102095 Pyongyang KCNA in English 1013 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Copies of literature carrying reverence for the great leader President Kim Il-song were scattered around the "National Assembly" building on April 10, Seoul-based radio Voice of National Salvation quoted the Seoul Metropolitan Committee of the National Democratic Front of South Korea (NDFSK) as saying.

The four sides of the 16-mo sheets scattered by the "Sobaeksu Society" are decorated with 83 flowers of "Kimilsongia" symbolic of the 83rd birth anniversary of President Kim Il-song. The old home of President Kim Il-song in Mangyongdae is seen against the sun in the centre, along with Mt. Paektu in the upper part. Written in the centre of the sun were letters reading "Immortality, Kim Il-song" and in the lower part letters as follows:

"President Kim Il-song, a liberator of the country, peerless patriot, saviour of the nation and hero of the century, is always with our fellow countrymen," "Let us commemorate the 15th of April forever," and "Let us pray for the souls of President Kim Il-song in reverence."

A wallpaper with the heading like "Let us remember April 15" was found pasted up on a building wall near Chongnyangri Railway Station in Seoul early on the morning of April 15.

The wallpaper issued in the name of the "April 15 Fellowship Society" reads:

"Dear citizens!

April 15 is the historic birthday of President Kim Il-song, a peerless patriot produced by our nation and esteemed by the whole world.

Though President Kim Il-song passed away, he is always with our 70 million fellow countrymen as is the sun. Let us remember April when the greatest of great men was born.

Let us commemorate the birth anniversary of President Kim Il- song, the sun of chuche, as long as the sunshine endures. April 14 Fellowship Society [name of society as received]."

Commercial Envoys Visit Kim Il-song Statue

SK2504062395 Pyongyang KCNA in English 0435 GMT 25 Apr 95

[FBIS Transcribed Text] Pyongyang, April 25 (KCNA)—The economic and commercial councillors corps in Pyongyang laid Monday a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill and made a bow to him on the occasion of the 63rd founding anniversary of the heroic Korean People's Army.

Written on the ribbon hanging from the floral basket were the letters "His Excellency the Great Leader President Kim Il-song Is Immortal."

On the same day, the members of the first tourist group from Yanji, China, and the 14th tourist group from Dandong, China, on a visit to Korea to attend the upcoming Pyongyang festival laid bouquets of flowers before the statue of President Kim Il-song and paid homage to him.

Overseas Figures Mark Kim Il-song Birthday

SK2804101495 Pyongyang KCNA in English 1005 GMT 28 Apr 95

[Spelling of names and newspapers as received]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Public figures of many countries contributed articles to the press on the occasion of the birth anniversary of the great leader President Kim Il-song.

The April 12 issue of HORA DO POVO, the organ of the October 8 Revolutionary Movement of Brazil, carried an article entitled "President Kim Il-song Will Be Immortal in Annals of Revolution of the 20th Century. Claudio Campos Looks Back to His Meeting With the Great Leader of Korea." The author of the article is the secretary general of the movement.

The article says the exploits performed by President Kim Il-song for the country and people are so great that they are beyond human imagination. The Korean people have become a people with great national pride and honor thanks to his noblest virtues, the article says, and continues:

President Kim Il-song was a great man of the 20th century. He represented the annals of revolution of the 20th century.

When I was received by President Kim Il-song, it seemed that I saw the annals of revolution at first hand, not in a book.

He is alive long in my heart.

Eleazar Gutarra Marabi, chairman of the Peruvian Nationalist Movement of Labour, in an article dated April 8 wrote:

I think President Kim Il-song, as a great leader of humankind, still leads the people to build socialism under which everyone lives a harmonious life evenly free from exploitation and oppression.

Jorgen Peterson, international secretary of the Central Committee of the Danish Communist Party (M-L) [Marxist-Leninist], in an article contributed to the Danish paper ARBEJDEN April 12 wrote:

One of the greatest exploits of President Kim Il-song is that he steadfastly maintained independence in the building of a powerful economy and defence capabilities.

N.T. Mawema, chairman of the Zimbabwean National Committee for the Study of the Chuche Idea, issued a statement to the press on the occasion of April 15.

He said President Kim Il-song regarded "believing in the people as in heaven" as his maxim and devoted his all to the happiness of the people all his life. He is always with humankind and his imperishable feats will shine long in human history, he added.

Military Attaches Attend KPA Anniversary Party

SK2504062195 Pyongyang KCNA in English 0437 GMT 25 Apr 95

[FBIS Transcribed Text] Pyongyang, April 25 (KCNA)—The Ministry of the People's Armed Forces gave Monday a cocktail party on the occasion of the 63d founding anniversary of the heroic Korean People's Army [KPA].

Invited there were the military attaches of foreign embassies here.

Colonel General Kim Chong-kak, Lieutenant Generals O Kyong-hun and Pak Sung-won and other generals and officers of the KPA were on hand.

Speeches were exchanged at the cocktail party.

Establishment of WPK Leadership System Viewed

SK2804110095 Pyongyang KCNA in English 1053 GMT 28 Apr 95

["Party's Leadership System Established Thoroughly by Great Guidance"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—NODONG SINMUN today dedicates an article to the 16th anniversary of the publication of "On Thoroughly Establishing the System of Party Leadership" (April 28, 1979), a historic work of the great leader Comrade Kim Chong-il.

The great leader Comrade Kim Chong-il, viewing the thorough establishment of the system of party leadership as an important matter concerning the destiny of the cause of socialism, has paid close attention to the work at all times, the author of the article says, and continues:

Comrade Kim Chong-il's wise guidance for the thorough establishment of the party's leadership system is manifested, above all, in that he saw to it that the monolithic ideology and leadership have definitely been ensured in the party.

He has regarded ensuring the oneness of ideology and leadership in the party as a basic principle in party building and firmly established the monolithic ideological and leadership system in the whole party, thus strengthening and developing the Workers' Party of Korea [WPK] into an invincible party all the members of which think and move as one under the guidance of the leader.

Under his wise leadership, all the cadres and members of the party are upholding the party's guidance with intense loyalty to the party.

His wise guidance for thoroughly establishing the party's leadership system is also illustrated by the fact that he has firmly built up the whole party as an integrity of ideology and will.

Comrade Kim Chong-il has constantly invigorated the work for cementing the party's unity and cohesion, tackling it as a main task in party building.

The entire party members are holding Comrade Kim Chong-il in high esteem as their father and think and move as indicated by his idea and will.

Another expression of his wise guidance is that he has led the party to discharge its mission and role befitting a leading political organization that definitely ensures the political guidance over the whole society.

Comrade Kim Chong-il has wisely led the party to strengthen its position as a political guide of the society and enhance its role in every way.

For the WPK, to establish the party's leadership system is the work to embody to the letter the idea and guidance of Comrade Kim Chong-il in the whole party and the whole society.

The article stresses that the Workers' Party and the people of Korea will accomplish with credit the revolutionary cause of chuche, true to the idea and guidance of Comrade Kim Chong-il.

Hydroelectric Plants Register Power Gains

SK2804005795 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 27 Apr 95

[FBIS Translated Text] Hydroelectric power plants in various locations under the Ministry of Electricity Industry, which are waging a vigorous struggle to embellish the 50th anniversary of the founding of the party with proud success in increased electricity generation, are energetically struggling to generate more electricity.

The working class of hydroelectric power plants in various locations are generating 1.5 times as much electricity as the corresponding period of last year, in this month alone, by effectively organizing production in such a way to make a meticulous calculation of the amount of water in the dams, while upholding the party's intention to increase electricity generation.

In particular, the working class of the Hochongang and Changjingang Power Plants are concentrating its efforts on increasing the generating capacity per tonne of water to generate more electricity with a small amount of water.

Three-Revolution Exhibit in Pyongyang Described

SK2804105395 Pyongyang KCNA in English 1046 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Many visitors to the Democratic People's Republic of Korea go to the Three Revolution Exhibition.

Splendidly built in the entrance of Yonmot-tong of the capital city of Pyongyang as a grand monumental edifice, the Three Revolution Exhibition comprehensively shows the achievements made by the Korean people in implementing the line of the three revolutions, ideological, technical and cultural, under the wise leadership of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il, and the might of the independent national economy.

Covering more than 1 million square metres, it consists of the monument to the three revolutions which depicts three red flags symbolic of the ideological, technical and cultural revolutions, the Review Hall, the Heavy Industry Hall, the New Technical Innovation Hall, the Electronic Industry Hall, the Light Industry Hall, the Agriculture Hall and the outdoor exhibition ground built in a peculiar way on both sides of the 100-metre-wide main pavement.

Its total floor space is more than 80,000 square metres.

The monument 27.5 metres high and over 40 metres wide was erected at the end of the pavement. Engraved on the foundation stone of the monument were the autograph letters of the president "The three revolutions, ideological, technical and cultural, are the general line of our party in building socialism and communism. Kim Il-song. April 15, 1992."

The visitors are guided first to the Review Hall with the floor space of 11,000 square metres.

On display there are visual aids fully showing achievements in carrying on the three revolutions, especially in education, science, literature and art, sports and public health.

On show in the Heavy Industry Hall with a floor space of over 23,000 square metres, the biggest in the exhibition, and on the outdoor exhibition ground are 11,000 exhibits of 3,150 kinds showing the achievements made in the heavy industry including the power, coal and metal industries in the form of real thing, model and sand model.

Displayed in the Light Industry Hall with a floor space of over 15,000 square metres, shaped like rolls of cloth hanging down, are more than 164,000 exhibits of 10,000 kinds which show the achievements in the light industry, chemical industry, the city management domain, and pharmaceutical and medical apparatus industry.

The Agriculture Hall with a floor space of over 10,000 square metres reminding one of a stack of grain shows the achievements in the rural economy, land management, tideland reclamation, fishery industry, hydro-meteorology, prevention of quake damage and south- south cooperation. Shaped like Saturn, the Electronic Industry Hall (floor space is over 10,000 square metres) shows achievements in the electronic and automation industries, telecommunication, the atomic industry and in the study of the space and data on the space development.

Shown in the New Technical Innovation Hall with a floor space of over 10,000 square metres are more than 10,000 inventions and new technologies of over 4,400 kinds in the form of real thing, model, graph, photo and slide. And thousands of books of science and technology of over 500 kinds written by scientists and technicians in recent years are also seen there.

The Three Revolution Exhibition clearly shows the wise leadership of the Workers' Party of Korea and its greatness and justness.

Sites in 'Major' City of Kaesong Described

SK2804103695 Pyongyang KCNA in English 1019 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Kaesong is a major city of Korea. It is situated 135 kilometres South of the capital city of Pyongyang.

Foreigners often visit Kaesong because it was once the capital of the Koryo Dynasty and is the home of the Koryo insam (ginseng), an elixir of life. It is also because Panmunjom in which two poles of war and peace are standing face to face with each other is located eight kilometres southeast of downtown Kaesong.

There are many famous spots and relics in Kaesong.

Mt. Songak covered with evergreen pine trees and round-shaped rocks and the Pakyon waterfall, one of three famous falls of Korea, present a beautiful scenery in good harmony with antique relics.

Kaesong has more than 100 main relics of the Koryo Dynasty including the 1,000-odd-years-old Koryo Songgyunkwan (University of Light Industry), the South gate, the Sonjuk Bridge, Manwoldae and Hyonhwa Temple.

The tombs of King Wang Kon who founded Koryo in 918 and of Kongmin, the 31st king of the Koryo Dynasty, show the Korean nation's excellent technique of building tombs.

Standing in Panmunjom are rooms in which the armistice talks were held and the Armistice Agreement was signed during the fatherland liberation war and a conference room where meetings of the Military Armistice Commission were held later and auxiliary buildings.

The concrete wall artificially bisecting Korea into the North and the South can be seen not far away from the central part of Kaesong.

Built by the South Korean military dictators in the areas South of the Military Demarcation Line, the concrete wall runs more than 240 kilometres from the east to the west, dividing 8 counties, 122 villages, 3 railway sections, 3 highways and over 220 big and small roads into the North and the South.

Tourists will have an opportunity to see living evidences showing who truly wants peace and reunification and who seeks war and division. They will see or purchase real

Koryo insam known to be an elixir of life and its processed goods. They will also taste Kaesong yakbap, the Kaesong pickle wrapped in large cabbage, the Kaesong loach soup, the Kaesong chicken steamed with insam and the Kaesong insam liqour, specialities of Kaesong.

South Korea

North To 'Partially Defrost' Nuclear Facilities

SK2804014595 Seoul YONHAP in English 0130 GMT 28 Apr 95

[FBIS Transcribed Text] New York, April 27 (YONHAP)—A North Korean diplomatic mission official here said Thursday that his country will partially defrost its nuclear facilities even after its high-level talks with the United States resumed.

In a telephone interview with YONHAP, Minister Han Song-yol of the North Korean Mission to the United Nations said, "Our position is that we will defrost our nuclear facilities partially even after the high-level talks resumed since we do not expect anything particular from them in view that the United States has not shown any change in its position on the type of the light-water nuclear reactors."

Han said, "Subject to partial defrosting are some of seven major elements such as the 5-megawatt reactor, nuclear reprocessing facilities and a radioactive chemical laboratory," he said.

However, Han said he did not know the details of the defrosting program or when it is scheduled to begin.

"We cannot continue the freeze on the nuclear facilities indefinitely because the United States does not implement its promise to provide the light-water nuclear reactors," he said.

The U.S.A. TODAY, meanwhile, quoted Han as having said that there is not a bit of change in North Korea's policy on the light-water nuclear reactor issue and that Pyongyang will resume the U.S.-North Korea high-level talks after defrosting some of the nuclear facilities.

U.S. Declines Comment on Report

SK2804030695 Seoul YONHAP in English 0258 GMT 28 Apr 95

[FBIS Transcribed Text] Washington, April 27 (YONHAP)—The U.S. State Department Thursday declined to comment on a North Korean diplomat's reported statement concerning his country's plan to partially defrost its nuclear facilities, saying that the U.S. Government has not yet received any official response from Pyongyang.

An official at the State Department avoided giving a detailed comment on the North Korean official's remarks and only said that he read the press report on the defrosting program which was disclosed by Minister Han Song-yol of the North Korean Mission to the United Nations.

In this connection, diplomatic sources here recalled the repeated warnings made by the U.S. Government that Washington would take tough measures against North Korea, including UN sanctions, if North Korea were to defrost its nuclear facilities, saying that the communist country would not take such extreme action as lifting its nuclear freeze.

Han said that North Korea's position is to defrost some of its nuclear facilities even after it resumes high-level talks with the United States.

Other sources said that the U.S. Government does not attach significance to the North Korean diplomat's remarks and predicted that if North Korea were to partially lift the nuclear freeze, it would be nothing but a symbolic gesture.

Gallucci's Remarks on Provision of Reactors Cited

SK2804050195 Seoul YONHAP in English 0451 GMT 28 Apr 95

[FBIS Transcribed Text] Washington, April 28 (YONHAP)—Robert Gallucci, U.S. nuclear ambassador and State Department ambassador-at-large for North Korea, said Thursday that he has discouraged vendors from contacting the North Koreans concerning the commercial sale of light-water reactors to the communist country, unless the firms themselves can finance the sale.

Speaking at a luncheon at the Woman's National Democratic Club in Washington, D.C., Gallucci also stated that the U.S. Government has suggested foreign governments deter companies from their countries from soliciting the North's business.

"We discourage our vendors from talking to the North Koreans about selling their reactors," he disclosed, "and we ask the French, German and Russians to talk to their people about selling reactors, unless they have some way to finance the sale."

The provision of light-water reactors to the North as stated in the agreed framework between the United States and North Korea signed in Geneva last October, is in exchange for the freezing of the North's current graphite-moderated nuclear facilities.

The cost of the two light-water reactors is 4 billion U.S. dollars and South Korea has agreed to foot the bill, with the guarantee of playing a central role in the design and construction of the reactors.

Gallucci stated that the South Koreans are willing to finance the reactors for "very good political reasons," that will act as an impetus for "a great deal of commerce and exchange between the North and South."

However, the North Koreans refuse to accept South Korean standard-model reactors, a thorn in the side during U.S.-North Korea talks that endeavor to implement the Geneva agreement.

Regionally, Gallucci praised Japan's role in the affair, saying, "The Japanese have been with us every step of the way in designing our approach to North Korea, in the course of negotiations and in supporting us after the negotiations, and in committing themselves to playing a role and the financing of the implementation of the agreed framework."

Japan, South Korea and the United States are the three founding countries of the Korean Peninsula Energy Development Organization (KEDO), a consortium tasked with providing the reactors to the North.

As for China, Gallucci believed that they "should have no interest in a North Korea with nuclear weapons," for regional peace and stability.

"I think a nuclear weapons capability in North Korea is a threat to South Korea. It's a threat to Japan, to the United States. Indeed, it's a threat to the whole future of Northeast Asia," he warned.

Gallucci confirmed at the luncheon that the United States has yet to hear from the North Koreans in response to the second letter they sent (this week) proposing additional talks in Geneva.

Possible 'Concessions' on Reactors 'Title' Viewed

SK2804053795 Seoul HANGYORE SINMUN in Korean 28 Apr 95 p 3

[Report by Kim Song-ho]

[FBIS Translated Text] The ROK and the United States are willing to concede and not use the title of ROK standard-model reactors in the agreement on the light-water reactor provision if North Korea expresses its will to accept the ROK standard-type reactors. In addition, the two nations will likely make great concessions in stipulating that the Ulchin Nos. 3 and 4 reactors be named as reference reactors.

It was learned that in the event that high-level political talks are held in mid-May between North Korean Vice Foreign Minister Kang Sok-chu and U.S. Nuclear Ambassador [title as published] Robert Gallucci in Geneva, the ROK and the United States will put forward a proposal containing these concessions to the North Korean side.

On 27 April, a diplomatic source in Seoul stated that "if North Korea accepts the ROK standard-model light-water reactors and the ROK's central role, both the ROK and the United States are ready to make drastic concessions which include leaving out the naming of the Ulchin Nos. 3 and 4 reactors as reference reactors in the light-water reactor provision agreement to be signed between North Korea and Korea Energy Development Organization [KEDO]." He added that "the ROK and the United States will make drastic concessions regarding the title of light-water reactors, specification of the reference power station, and form of contracts, during high-level political talks so as to compromise with North Korea."

The source said that "if the ROK's central role in the supply and design of light-water reactors is ensured, the title of reactors, form of contract, and the like, will merely become marginal issues at the negotiations." He added that, "Since North Korea is showing strong aversion not only to the title of the ROK standard-model, but also to the issue of specifying Ulchin Nos. 3 and 4 reactors as reference reactors, we will not insist on stipulating them in the provision agreement." He also pointed out that, "Even though the provision of ROK standard-type reactors, and the specification of Ulchin Nos. 3 and 4 reactors as reference reactors are not specifically named, as long as they are actually used, the commercial contract for the construction to be signed between the KEDO and the main contractor, the supply of ROK standard-model reactors and the ROK's central role can be guaranteed."

Editorial Predicts More Dialogue Over Reactors

SK2804082295 Seoul HANGYORE SINMUN in Korean 28 Apr 95 p 3

[Editorial: "The Issue of Light-Water Reactors Is Likely To Pass Its Critical Moment"]

[FBIS Translated Text] Negotiations on light-water reactors, about which we have been concerned ever since the U.S.-North Korea expert-level talks in Berlin ruptured, are likely to move toward dialogue with the possible upcoming high-level talks. North Korea strongly hinted at the possibility of resolving the light-water reactor issue through dialogue, bypassing 21 April without reloading its nuclear fuel rods. In addition, letters were exchanged between North Korean Vice Foreign Minister Kang Sok-chu and U.S. Nuclear Ambassador [title as published] Gallucci, who played a leading role in reaching the North Korea-U.S. agreement in Geneva. These circumstances lead us to predict the possibility of further dialogue between North Korea and the United States in the future.

Of course, it is too early to be optimistic about the future situation. The letter sent by Vice Minister Kang stated that North Korea would accept the U.S. proposal to hold high-level talks if U.S.-style light-water reactors are discussed, while Gallucci's reply stressed that the U.S.-North Korea talks should be held without preconditions. Therefore, it will be necessary to engage in a tug-of-war and behind-the-scenes contacts between North Korea and the United States in order for the two sides to hold face-to-face talks. Even if the high-level talks are held, the fight to gain the initiative in the talks is likely to resume between the two sides. Nevertheless, we predict brisk prospects for the talks because the two sides have recognized the need for dialogue and have decided to move in a direction that avoids destruction. Furthermore, both gentlemen reached an agreement last year, overcoming a great many difficulties; if they fail to reach an agreement this time, a crisis will develop in which the framework agreement itself could fall apart. In this respect, we can expect they will probably settle the issue during the upcoming talks.

At this juncture, what we would like to ask is that both sides no longer adhere to a war of attrition. It seems that because the two sides have to some extent come to understand each other's real intent through the Berlin talks, they should make efforts to achieve practical progress by making concessions if necessary. In this respect, it is not quite satisfying but encouraging to hear that the government—which so far has called upon North Korea to accept ROK-style reactors and has called for the ROK's central role, maintaining a policy that it will never make concessions to North Korea—has began to show a more or less flexible position, stating it can make concessions to North Korea in the designation of the light-water reactors, in the specification of the reference power plant, and in the form of the contract if North Korea practically accepts the ROK-style model. We have called upon the government not to adhere to ceremonial problems such as the reactor designation in order to settle the issue of light-water reactors. Also, we have pointed out that there is enough room to hold dialogue as regards the ROK's "central" role.

We have recommended that North Korea, if it truly recognizes the reality that there is no alternative other than ROK-style reactors, should make efforts to resolve the issue within the major framework by displaying a negotiating technology instead of being restricted by trivial misunderstandings, no matter what the reactor designation may be. We cannot but repeat it again today, because we believe the issue of light-water reactors can be resolved when we view it from the standpoint that it is one of our national issues, not the problem of others.

LG, U.S. Firm Negotiate for Refinery in North

SK2804083895 Seoul MAEIL KYONGJE SINMUN in Korean 28 Apr 95 p 2

[Report by So Yang-won]

[FBIS Translated Text] It has been learned that Stanton Business Group, a U.S. conglomerate that manufactures power-generating equipment, and LG Business Group are negotiating ways to jointly push to reopen oil refinery facilities and to establish a power plant in North Korea.

According to the National Unification Board and the pertinent industry on 27 April, following the U.S. Administration's easing of economic sanctions against North Korea, officials of Stanton Business Group have met with relevant North Korean officials and agreed to modernize and reopen the facilities of an oil refinery in the Najin region and the U.S. group has had negotiations with LG Group to jointly push for this project.

One high-ranking government official concerned said: "Our understanding is that, judging that the risk will be high in an unilateral advance into North Korea, whose economic system and cultural practices are different from those of the United States, Stanton Group has suggested to a large ROK conglomerate that they jointly advance into North Korea. Negotiations are ongoing, but there has not been any concrete results yet."

In 1994, high-ranking officials and technicians of Stanton Group visited North Korea for a week and studied the actual status of the oil refinery and electricity industry there, following the adoption of the North-U.S. agreement in Geneva. During their visit in February 1995, Stanton officials even reached a detailed agreement with North Korean officials on reopening an oil refinery in Najin, which had remained closed due to a shortage of crude oil and the dilapidated shape of its facilities and on sharing the dividends to be accrued from this plant. Stanton later received approval for such a project from the U.S. Administration.

One relevant LG official also said: "Stanton Group's contract with the North Korean side is valid. We will search for the optimum method of cooperation between LG and Stanton after comprehensively evaluating the North-U.S. position and the ROK-U.S. stance, as well as the feasibility and profitability of this project."

It has been learned that the government has decided to approve this project if it is a simple way to cooperate on a processing-on-commission-style basis or if it is a small-scale pilot project, after carefully analyzing this project, while paying attention to the method of cooperation between Stanton and the ROK conglomerate and to the North Korean side's attitude toward such a joint venture between the ROK and U.S. conglomerates.

PRC Allows Korean Air Flights Through Airspace

SK2804020495 Seoul THE KOREA TIMES in English 28 Apr 95 p 3

[FBIS Transcribed Text] Korean Air [KAL] will fly through Chinese airspace on a route to Europe from next month for the first time, the Transportation-Construction Ministry announced yesterday.

The national flag carrier will fly to Moscow and Rome over Chinese territorial skies and Siberia, thus reducing flight time by more than three hours.

Korean Air airliners have detoured over Japanese islands and Russian airspace to fly to the two European cities.

The Chinese government recently permitted Korean Air to fly through its airspace, the ministry officials said.

They also said that KAL flights to Paris, London and Frankfurt may soon use the new route as soon as the Chinese control ability is enhanced.

The first flight to fly the new route will depart on May 3, a KAL spokesman said.

At present, six foreign airlines fly between South Korean and European countries. Of them, only Russia's Aeroflot is allowed to fly Chinese airspace.

Total Foreign Debts as of End of Mar Reported

SK2804120195 Seoul YONHAP in English 1126 GMT 28 Apr 95

[FBIS Transcribed Text] Seoul, April 28 (YONHAP)—South Korea's total foreign debts stood at 62 billion dollars as of the end of last March.

The amount represents a rise of 8.4 percent or 4.8 billion dollars over the end of last year when they reached 57.2 billion dollars.

The country's external debts increased significantly since the turn of 1994 from 43.9 billion dollars at the end of 1993 to 45.1 billion dollars in March 1994, 48.3 billion dollars in June and further to 51 billion dollars in September.

An official at the Finance and Economy Ministry said Friday [28 April] the expanding external debts were due to a worsening travel expense imbalance, growing payment of the royalty of foreign technology introduced and increasing borrowings of overseas funds by industries in addition to the faster growth of imports than exports.

The official said his ministry is especially concerned about a sharp increase in the share of short-term debts in the total foreign liabilities.

He noted that the share of short-term debts, which stood at the level of 44 percent until 1993, shot up to 53 percent this year, a development which he said may pose a problem to the country's efforts to obtain overseas funds in the event international money markets turn tight.

To cope with the situation, the government intends to encourage relevant banking institutions and individual industries to increase the ratio of mid- and long-term foreign debts, the official added.

President Mobilizes Officials After Gas Explosion

SK2804031295 Seoul YONHAP in English 0301 GMT 28 Apr 95

[FBIS Transcribed Text] Seoul, April 28 (YONHAP)—President Kim Yong-sam instructed the administration Friday to mobilize "all possible administrative powers and to do its utmost in providing the best possible medical services" to the injured in the gas explosion which occurred early Friday morning at a subway construction site in Taegu.

Hearing a report on the Taegu disaster from his senior secretary for governmental affairs Pak Song-tal, the chief executive ordered related government agencies "To take the best possible course of action to ascertain the exact cause of the disaster and, to control its aftermath."

The administration and political parties, meanwhile, were engrossed in coping with the gas explosion in a grave atmosphere.

Prime Minister Yi Hong-ku, ruling Democratic Liberal Party Chairman Yi Chun-ku, first minister of political affairs Kim Yun-hwan and Home Minister Kim Yong-tae rushed to the accident scene in efforts to determine the exact cause of the explosion and placate the public.

Major opposition Democratic Party President Yi Ki-taek also hurried to Taegu leading a fact-finding team.

Prime Minister Yi Offers Government Apology

SK2804112295 Seoul YONHAP in English 1117 GMT 28 Apr 95

[FBIS Transcribed Text] Seoul, April 28 (YONHAP)—Prime minister Yi Hong-ku on Friday [28 April] afternoon offered an apology to the people over the city gas explosion in Taegu earlier in the day that has left at least 99 persons dead and about 160 others injured.

In "remarks of apology" he read at his office, Yi said that on behalf of the government he was extending a heartfelt condolences and consolation to the bereaved families of the fatal victims and those injured.

"We in the government finds no way to properly describe our regret over the accident which occurred despite our all-out efforts to prevent accidents," Yi said, adding that the fact that more than half of the victims were young students makes "our hearts all the more aching."

Noting that President Kim Yong-sam has ordered the mobilization of all government resources in the relief of victims and rehabilitation of the scene, Yi said the government will extend all available support to those who suffer and will prevent by all means the recurrence of similar incidents in the future.

"I appeal to all of our people to stride over the grieves and difficulties in concert and work together harder to create a safer society," Yi said.

Firmer Steps Planned Against Gas Pipe Damagers

SK2804114095 Seoul YONHAP in English 1130 GMT 28 Apr 95

[FBIS Transcribed Text] Seoul, April 28 (YONHAP)—Alarmed by the Taegu gas blast Friday [28 April] morning, the government decided to take firmer steps against those responsible for damages to city gas pipelines as a means of preventing the recurrence of a similar incident.

A meeting presided over by Prime Minister Yi Hong-ku resolved to change the law on city gas business in a way that would make punitive steps harsher against those involved in the damage of city gas pipes.

Upon the similar city gas blast in Seoul's Ahyon-tong late last year, the city gas law was amended to provide for more stringent steps against gas pipe damagers.

But, the recurrence of the Taegu accident convinced the government that the bolstered punitive measures were not harsh enough, a source said.

During the meeting, Premier Yi, who toured the disaster area by helicopter earlier in the day, told relevant officials to see to it that as much compensation as permissible by law be given to blast victims.

The meeting was attended, besides the premier, by International Trade and Industry Minister Pak Un-so, Construction and Trade Minister O Myong and Health and Welfare Minister So Sang-mok among others.

DLP Decides To Nominate Chong as Candidate

SK2804022795 Seoul YONHAP in English 0051 GMT 28 Apr 95

[FBIS Transcribed Text] Seoul, April 28 (YONHAP)—The ruling Democratic Liberal Party (DLP) has reportedly decided to nominate former Prime Minister Chong Won-sik as its candidate for the Seoul mayoral race in the June 27 local elections.

The government party plans to formalize the nomination in a convention to be held in the fencing gymnasium at Olympic Park May 8 or 10 with over 13,000 delegates of its Seoul chapter attending.

The DLP is also considering to appoint Rep. Yi Myong-pak, who has already announced his candidacy on the DLP's ticket for the Seoul mayoral race, as Chong's election campaign manager.

President Kim Yong-sam, who also heads the DLP, gave his go-ahead for Chong's nomination during a dinner he hosted for 28 junior DLP lawmakers Thursday at Chongwadae [presidential offices], saying, "for a Seoul mayoral candidate, we should put up a man of caliber, big enough not to require an open contest. Won't setting him up be better than a competitive vote?"

According to a DLP lawmaker who attended the dinner, President Kim spoke very highly of Chong as a man of integrity, ability and good judgment. Kim was quoted by the lawmaker as saying that being a good talker and having excellent qualities, Chong should distinguish himself in a television debate.

The president emphasized that Chong is well qualified to be a Seoul mayoral candidate, citing the abilities he displayed as prime minister and the meritorious services he rendered as chief election manager in the 1992 presidential elections, according to the lawmaker.

President Kim, it was also learned, suggested that Rep. Yi Myong-pak be nominated as Chong's chief election manager.

Rep. Yi, meanwhile, expressed his preference Friday for a competitive vote in selecting the ruling party's candidate for the Seoul mayoral post.

In a telephone interview concerning the president's remarks Yi said, "They were made not at a formal occasion," indicating that he will determine his course of action after the matter is formally decided upon by the party.

*Conglomerates Said Changing Management Systems

952C0087A Seoul CHUGAN MAEGYONG in Korean 1 Mar 95 pp 26-30

[By reporter Yi Che-kyong: "*Chaebol's* Big Transformation: Is It a Voluntary Move or Compelled?—Announced Restructuring Includes Shift from Conglomerate-Style Management to Small-Group System, Cutback on Affiliated Firms"]

[FBIS Translated Text] *Chaebol* are dropping mammoth-class bombshells one after another. They declare a dramatic restructuring, saying in effect that they are giving up being *chaebol* any longer. Contents of their plans are epoch-making indeed. Their plans show that the big business groups are hastening their shift to a small-group management system through division into smaller units, or even to an independent management system by placing management responsibility on individual firms. *Chaebol* have so far operated by conglomerate-style management, with the decision-making power concentrated in one person, the head of the group. They now say they will have the heads of small groups or presidents of individual companies manage their respective enterprises independently.

The announced plans, at their face value, are "sensational," for they suggest the virtual dismantling of *chaebol*. The dramatic transformation plans also reflect their intent to promote clean management through a drastic cutback on the number of affiliated firms, say to about a half, or public disclosures of unlisted firms.

Costly Sacrifice for Survival

How should we interpret those plans? The ultimate goal of a restructuring is to improve management efficiency. A shift to small-group or independent management should be prompted by the confidence that it leads to higher managerial efficiency compared with the traditional conglomerate-style management. In case the planned restructuring has nothing to do with the efficiency factor, then it cannot be viewed as a voluntary move.

When the Samsung Group announced its small-group plan in last October, it was seen as intended for an external demonstration rather than motivated by an internal necessity. It was considered comparable to an act of taking a step backward to later move two steps forward. In respect to its biggest pending plan, namely, branching out into the auto industry, Samsung needed to score points with the government, and the announced plan was seen as a mere step to meet that need. And on 5 December, when it filed its small-car technology import plan with the government, Samsung disclosed its third restructuring plan. Pressed by a sense of crisis that the group will be lagging in terms of potential growth unless it penetrates into auto production, it offered to either separate from the Samsung Group or sell the CHUNGANG ILBO Company, Jeil Synthetic Fiber Co., Sohyon Yoksa, and Hotel Shilla.

Thus, at the time the Samsung plans were viewed as an effort to curry favor with the government; however, as it turned out that the Hyundai and Daewoo groups also carried out their restructuring recently, we have been compelled to reexamine its backdrops.

Could it really be the conclusion of *chaebol* themselves that they cannot survive ongoing competition without restructuring themselves? "Not necessarily" is the response of business leaders themselves. Circumstantial evidence abounds that enterprises could have come up with structural reorganizations not from their own needs alone. Most decisive are the rumors circulating that *chaebol* coordinate their restructuring plans with Chongwadae. In Hyundai's case, which on 25 January disclosed plans to cut its 50 affiliated firms to 23 and introduce a new management system comprising six small groups, the prevailing view is that the move was an effort to whip up a reconciliation mood with the government and to have the government "lift restrictions" currently imposed on the group. In other words, it was not an efficiency-oriented decision, say observers. Their point is that considering Hyundai's plight—the group is shut out of policy loans from the Korea Development Bank and, in addition, its routes of fund-raising in overseas markets are officially blocked—it perhaps has found the matter of survival more pressing than that of efficiency.

In Daewoo's case, too, its original plan taken to Chongwadae was rejected outright, according to reports, because it did not measure up to the expectation of government authorities. Rumors have it that Daewoo Group Chairman Kim U-chung and Han I-hon, senior presidential secretary for economic affairs, engaged in a heated argument over the plan's substance. Han I-hon was said to have even made intimidating remarks demanding that Kim U-chung pay interests that had been written off for Kyongnam Enterprise. It is known that the Daewoo Group after all revised its restructuring plans in compliance with Chongwadae's wishes.

The perception that the *chaebol* restructuring move was hastened by the government's intervention was also reflected in remarks against the government policy by Choe Chong-hyon, chairman of the Sunkyong Group, who has been reappointed president of the Federation of Korean Industries [FKI]. Choe Chong-hyon rebelled against the government program to cut back on subsidiaries through ownership division and the total-investment limit, only to bow to the government policy a few days later. As his comments were viewed publicly in the context of a tug-of-war with the government, he bowed to Hong Chae-hyong, minister of the Board of Finance and Economy. The remarks seemed to have rubbed Chongwadae the wrong way. We could see it in the very fact that in the wake of the Choe remarks, the Fair Trade Commission [FTC] ordered a probe into allegations of insider trading and stock movements involving the Sunkyong Group.

Groups targeted by the government for restructuring are Samsung, Hyundai, Daewoo, LG, and Sunkyong. Of those, Samsung, Hyundai, and Daewoo already have announced their reorganization plans, while LG appears ready to comply with the government's will. The Sunkyong Group, however, is in a difficult position as it remains unable to make a decision; it contends that it has few corporations so large that they have to reduce the number of their subsidiaries or shift to small-group management. It knows that it is expected to come up with a sweeping reorganization plan, but at the same time its judgment is that it is, unlike other groups, not so fat as to require major surgery.

The LG Group, set to launch a new management under Ku Pon-mu, is expected to announce its restructuring plan at the inauguration of the new leadership, with the focus on reducing the number of affiliated firms from the present 52 to about 30 and drastically increasing that of open enterprises, which is only 13 now. Shares held by Chairman Ku's family—currently 5-19 percent per affiliated firm—will also be reduced to a level acceptable to the government, according to reports.

Government Seeks Decentralization, Separation

The reasons for *chaebol* complying with the government's will is obvious. An FKI source said: "Businesses cannot but consider the cost factor. They may be reluctant to shift to small-group management but they have no choice but to go for it, for they must consider the possible cost in case they step on the toes of the government." The implication is that at a time when businesses are surrounded by new opportunities such as the opening to the public and privatization, they see it as unnecessary to sow discord with the government.

Thus, they have arrived at the conclusion that although independent or small-group management is less efficient than conglomerate-type management, it is in their interest to participate in the opening and privatization process.

Then, why is the government pushing for division of ownership and reduction of affiliated firms which business circles find unattractive? The government upgraded the FTC, which had been under the deputy prime minister's control, into an independent body under the prime minister. The purpose was to establish a fair competition order. In the revision of the Fair Trade Law, too, one can clearly see where the government is headed.

New System Likely To Take Time To Take Root

To promote division of ownership, the government policy calls for lowering the internal equity rate (the equity of the owner-investor and affiliated firms) to 15 percent or below and the individual equity rate to 8 percent or below. The government's intent is, in a nutshell, to bring about separation of ownership and control. To decentralize economic strength, it has lowered the mutual investment ceiling to 20 percent of the owned capital and the ceiling of mutual liabilities guarantee to 200 percent. Basically, the government's fair trade policy and business competitiveness could be two different things; the government has no alternative but to ensure that its policy is in the best interest of the national economy in general even if it sometimes hurts big businesses. That is why it is steering the business world toward small-group management and a professional-manager system.

The policy being pursued by the government to break up *chaebol* ownerships has been received favorably to significant degrees; over its pace, however, opinions are divided. While the government is for realizing the breakup in a short period, business leaders contend that the issue will be resolved by itself in due course if left to run its course. So, there is no need for a high-handed measure, they insist. If the gift-tax and transfer-tax enforcement is carried out thoroughly even now, there is no question that an ownership breakup will indeed occur within the next two or three generations; in that case, however, it will take at least 50 years.

Business leaders are especially against official restrictions on the way corporations expand their business lines like "an octopus spreading its arms." They argue that since it is in the nature of entrepreneurs that they venture into whatever business pays, it is illogical for the government to restrict their moves into fields that are holding out promising business prospects. In particular, they complain that the control on the number of affiliated firms is unreasonable. They clamor, in a chorus, that business diversification is an absolute principle for survival. As a product has its life cycle, so does a business; if corporations should only hang on to industry lines that are popular now, they are bound to fall out of the business world when the cycle shifts to a declining phase a few years later, they argue.

Businesses are unanimous in saying that a key to fair competition lies in deregulation, not regulation. Their position is that if one sees no chance of success in competition in an open market, he will not likely venture into it.

Daewoo Group President Kim U-chung made it clear that he "will concentrate solely on Daewoo Motor Co. and the past practice of the group's Planning and Coordination Office making investment and personnel decisions will be discontinued." With Samsung and Hyundai, as well as with Daewoo, it is difficult to foresee how much power, independence, and responsibility their small-group heads will come to have in management. Many doubt whether genuinely independent management is really possible when the group president retains the right of personnel management for small-group heads.

For now, we cannot tell whether small-group or independent management is better or worse than the conglomerate-type management. What is clear is that *chaebol* are so large in size that all decisions have to be made exclusively by the head of each group. Although their restructuring decisions are viewed as a result of government pressures, not of their own will, it is time for businesses to endeavor voluntarily for establishment of self-regulatory management so as to bring in a professional-manager system expeditiously.

*Advancement in Electronics Engineering Reported

Pyongyang CHONJA KONGHAK in Korean No 139 5 Apr 94 pp 2-3

[FBIS Translated Excerpt] Based on his most accurate analysis of the position and roles of electronics engineering in the nation's scientific and technical development, the respected Leader Kim Il-song has clearly revealed a developmental direction for electronics engineering and a means for implementing this, and has wisely led the scientists and technicians of this sector. The great leader took all the national measures needed to quickly develop electronics engineering and equip light-industry factories with modern technology, to ensure that the demands of the people for consumer goods are satisfied, by strongly moving forward with the automation, robotization, and computerization of production processes, and to provide workers with a more abundant material culture. [passage omitted] By rapidly developing the nation's science and technology in the electronics industry, electronic-element production bases have been put in good order and strengthened. With the preparation of new, modern production bases making electronic-elements, including integrated circuits, electronic calculators, and control devices, the material and technical foundation of the electronics industry has been further strengthened. In our nation today, as a result of a strong pursuit of research on electronic gauges, tools, and equipment, along with electronic materials and elements, the policy of modernizing spinning and weaving equipment, knitting equipment, and food-processing equipment has been thoroughly carried out. We are producing various electronic products, including electronic calculators, FM stereo receivers, and Hangul typewriters, with our own materials and electronic elements. The brilliant success achieved in scientific research in the electronics engineering sector during this last period is a result of the wise leadership and clear guidance on the road ahead for our scientists and technicians, which were given at every turn and every stage by the great leader Kim Il-song and the Dear Leader Kim Chong-il. This is a valuable achievement produced by the indomitable strength of we who are united and of one mind within the fold of the great leader and the dear leader. Conditions within and without our revolution are as complex and tense as always. In intense confrontation with internal and external enemies, we are building our own kind of socialism. Before us today stands the monumental task of strengthening the power of our kind of socialism and further elevating its superiority. This must be done by satisfactorily solving all scientific and technical problems appearing in the economic construction of socialism while solidifying the achievements of the nation's scientific and technological development. The great leader Kim Il-song gave the following instruction: "We must strongly press forward with the light-industry revolution, creating great innovation in the production of the people's consumer goods. We must equip and strengthen the factories of light industry and modernize them. Setting up aggressive policies for strengthening the production of materials for light industry, including synthetic fibers and synthetic resins, we must run all light-industry factories at full capacity and normalize production at a high level." In his New Year Address, the great leader Kim Il-song revealed that, in socialist economic construction, the next three years would be a buffer period and that during this period the agriculture-first, light-industry-first, and trade-first policies would be thoroughly carried out, as was determined in the 21st Session of the Sixth Party Central Committee. The revolutionary economic strategy revealed by the great leader Kim Il-song is a wise policy for further consolidating the foundation of the nation's independent economy, in order to create a decisive turning point in the lives of the people in a manner fitting socialist needs and enable them to live by their own strength in any circumstances at all. Quickly developing electronics engineering to meet the demands of the developing modern age, scientists and technicians must contribute to actively increasing production of the people's consumer goods and further strengthening the production of materials for light industry, including synthetic fibers and synthetic resins. They must do this by implementing at a high level the modernization of light-industry factories, which are important for carrying out the light-industry-first policy. Electronics engineering is one field of advanced science and technology which deals with electronic materials, elements, gauges, tools, and devices. Only if electronics engineering is quickly developed can spinning, weaving, knitting, shoe-production, and food-processing equipment be modernized. Strongly pursuing the automation, robotization, and computerization of the production process, we can liberate workers from difficult labor, increase the number of product types, and decisively improve quality. To do this, we must research, develop, and guarantee the production of electronic materials, elements, gauges, tools, and devices needed to modernize light-industry facilities. We must quickly develop electronics engineering and modernize light-industry factories. A field in which we must put special effort into this is the textile industry. Highly reliable—even when operating at high speeds—electronic gauges, tools, and devices are needed by the textile industry, which is based on cloth production. They are needed to rebuild and modernize combines and weaving machines, which obtain spun thread from cotton, to increase spinning machine revolutions, and to automate the dyeing process and the transportation of products. In the cotton beating, twisting, roving, spinning, weaving, and dyeing processes, cotton level, the tensile strength of spun and raw thread, lap thickness and the wound density of spinning spools are all automatically measured, inspected, and controlled by electronic gauges, tools, and devices with various functions. Thus, we must increase the production of vinalon, staple fiber, rayon, and aniline, ensuring a sufficient supply of synthetic fibers needed by the textile industry. This can be done by pressing forward more strongly with research on electronic elements, gauges, tools, and devices, modernizing weaving and spinning equipment and making it high speed. Next, modernizing clothing manufacturing processes in keeping with increasing cloth production is significant for the creation of clothing of various forms, tailored to the figures and socialist life-styles of our people, even while conserving labor and materials. Scientists and technicians must automate and computerize planning, design, and cutting processes, the first stages of the clothing-production process, increasing clothes production. In the footwear industry, electronic computers must be accepted for the form design and upper cutting of shoes that are tailored to age, gender, and occupation. Industrial robots must be actively introduced into product assembly processes, such as press processing, resin bonding, paint spraying, and rubber cement pasting. Moving briskly forward with the modernization of the food-processing industry and satisfying, both in quality and quantity, the demands of the people for various foods, including soy sauce, soybean paste, cooking oil, sugar, and pastries, is an important requirement for thoroughly carrying out the light-industry-first policy. Most food-manufacturing processes are biochemically conducted, serial processes. Therefore, they require electronic sensors and electronic devices with various functions. Measurement and automatic control of physical-chemical quantities, including temperature, pressure, pH, humidity, and flow, cannot be achieved without the help of electronics engineering. Scientists and technicians must actively contribute to the cultural life of our people, researching and developing modern electronic products, such as high-performance television sets, tape recorders, electronic calculators with various functions, FM stereo receivers in various forms, electronic instruments, and electronic toys. Holding the light-industry-first policy aloft, scientists and technicians must solve the scientific and technical problems arising in the modernization of the production processes of light industry and must responsibly carry out the project of introducing the latest technology and advanced production methods. When the light-industry-first policy of our party is realized under the leadership of the great leader Kim Il-song and the dear leader Comrade Kim Chong-il, the demand of the people for primary consumer products, including cloth, knit clothing, shoes, and undergarments, and various processed foods, including soy sauce, soybean paste, cooking oil, and sweets, will be satisfied. [passage omitted]

Philippines

Abu Sayyaf Said Gaining Ground in Mindanao

BK2804104995 Quezon City MALAYA in English 25 Apr 95 pp 1, 6

[Report by Virgilio Bugaoisan and Joy Gruta]

[FBIS Transcribed Text] The Abu Sayyaf is threatening to eclipse the Moro National Liberation Front [MNLF] as the acknowledge leader of the secessionist movement in Mindanao, a Marine colonel said Friday.

Col. Ponciano Millena, task force commander in the ongoing operations against Abu Sayyaf members holed up in Sacol Island in Zamboanga del Sur, gave the assessment to senatorial candidate Rodoldo Biazon during a Lakas-Laban [ruling coalition political party] sortie in Zamboanga City.

Millena said despite the group's banditry and terrorism, Abu Sayyaf is gaining adherence because of its advocacy of an independent Islamic republic.

"It could replace the MNLF in the future," Millena said.

Asked to elaborate, Millena said Abu Sayyaf has established sanctuaries and enjoys mass support in some parts of Mindanao.

These, together with its international links, are slowly gaining sympathy for the Abu Sayyaf among the Muslim population.

In Davao del Norte, nine suspected Abu Sayyaf members believed to have participated in the April 4 Ipil raid which resulted in the killing of 52 persons were arrested by the police on Saturday.

Lading Saji, Erbabir Siajabbi, Bajical Nadji, Jeffrey Saji, Numar Sijaji, Jabir Kiram, Jhonny Saji, Joel Saji, and Jimmy Saji were cornered during pursuit operations in Barangay [Village] San Jose in Penaplata town, police said.

Entry of 'Muslim Missionaries' Restricted

BK2804104695 Manila MANILA STANDARD in English 25 Apr 95 p 5

[FBIS Transcribed Text] Immigration Commissioner Leandro Verceles yesterday issued a memorandum restricting entry into the Philippines of missionaries from radical Muslim countries amid intelligence reports that they were funding Abu Sayyaf operations in Mindanao.

While admitting lack of hard evidence linking Muslim missionaries to Abu Sayyaf, Verceles felt an urgent need for restricting their entry.

According to military intelligence reports, some of the Muslim missionaries in the country have been helping Abu Sayyaf extremists acquire sophisticated weapons from abroad.

As reported earlier, the 4 April raid on Ipil by Abu Sayyaf was merely a ploy so that they could land clandestinely foreign-made high-powered weapons.

In a related move, the commissioner asked the Department of Foreign Affairs to advise Philippine missions abroad, particularly in Pakistan and Iran, to thoroughly screen applicants for visas filed by foreign missionaries.

Immigration records disclosed that many of the so-called missionaries have entered Manila on temporary visitors visas, but upon arrival here upgraded them into "prearranged employment visas."

The others have entered the country on students visas, Verceles said. Instead of confining themselves in Manila where they are enrolled, these visitors have ended up straying into Mindanao," he said.

Romulo To Campaign for OIC Support

BK2804075495 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 27 Apr 95

[FBIS Translated Text] President Ramos has asked Foreign Affairs Secretary Roberto Romulo to continue his diplomatic campaign to obtain the support of the Organization of the Islamic Conference [OIC]. According to the president, he still supports the peace talks with the MNLF [Moro National Liberation Front] despite the Abu Sayyaf raid in Ipil. Several MNLF members are suspected of being involved in the raid.

Romulo is currently in Bandung, Indonesia to meet with the OIC leaders.

Antiterrorism Agreement Reached With Indonesia

BK2804051095 Manila PHILIPPINE DAILY INQUIRER in English 25 Apr 95 p 2

[Report by Juliet M. Labog]

[FBIS Transcribed Text] Philippine and Indonesian officials have agreed to join hands in combating terrorism in the wake of attacks in the Philippines, Japan and the United States.

Outgoing Foreign Secretary Roberto Romulo and his Indonesian counterpart Foreign Minister Ali Alatas, reached the agreement during a meeting of the Non-Aligned Movement in Bandung, Indonesia. Jakarta chairs the body this year.

Romulo said Alatas also expressed hope that the attack in Ipil, Zamboanga del Sur, by Moro extremists will not derail the peace talks between the Philippine government and the Moro National Liberation Front [MNLF].

The Abu Sayyaf and the MNLF "Lost Command" were blamed for the burning of Ipil town last 4 April and killing at least 54 persons.

Alatas assured Romulo that Indonesia remains committed to supporting the peace talks, which the two sides hope to conclude in June this year.

Indonesia heads the Committee of Six of the Organization of Islamic Conference which deals with the Muslim problem in the Southern Philippines. It has hosted two rounds of peace talks between the Philippine government and the MNLF.

Romulo said he and Alatas made a common commitment to "combat the scourge of international terrorism" and agreed that their countries "should enhance cooperation toward this end."

Following the Ipil carnage, the nerve gas attack in Yokohama and the bombing of a US Federal building in Oklahoma City this month, President Ramos has proposed a global conference to curb terrorism.

Mr. Ramos brought out the suggestion to Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton.

Romulo has asked Mr. Ramos to appoint a special envoy to coordinate with world leaders for the establishment of an international counter-terrorism network.

He recommended that the ambassador be a Muslim because of the need to dialogue with Muslim countries from where most of foreign supporters of Moro extremists in Mindanao reportedly come.

Romulo said he and Alatas also talked about the Spratlys dispute and problems of migrant workers.

The Indonesian official reiterated his country's support to a peaceful resolution of Manila's dispute with Beijing, and of all other claims, Romulo said.

Thailand

Surin To Protest Burmese Incursions at Border

BK2804042795 Bangkok THE NATION in English 28 Apr 95 p A3

[FBIS Transcribed Text] The Thai Army asked its Burmese counterpart yesterday to help prevent territorial violations by armed forces from Burma, while Prime Minister Chuan Likphai questioned claims that Rangoon was not aware of the incidents.

"We have heard some Karen forces may have been cooperating with Burma, so at least Burmese officials at the border level should have been aware of what happened," Chuan said.

Thailand will lodge a further protest note to Burma in order to seek an explanation on the "unacceptable" incursions, Deputy Foreign Minister Surin Phitsuwan said yesterday.

"We want Rangoon to ensure us that there will be no repeat of such incidents, which have made Thais unhappy," Surin said.

Additional border patrol police and military soldiers have been dispatched to the area to ensure the people's safety.

In Chiang Mai, the Thai Army's request was made after three serious territorial violations, and attacks on refugee camps in northern Tak and Mae Hong Son provinces were staged by several hundred renegade armed Karen last Sunday [23 April] and Tuesday.

The incidents occurred while senior Army leaders from both countries were attending the 11th Thai-Burmese Regional Border Committee in Phitsanulok and Chiang Mai between April 25-27.

Several people were killed and injured and over a hundred Karen civilian refugees were forced at gunpoint to cross the Salween River back to Burma.

The Third Region Army Commander, Lt Gen Surachet Dechatiwong, who chaired the meeting on Tuesday, unexpectedly cancelled the forum and asked for leave on Wednesday to accompany Army Commander-in-Chief Gen Wimon Wongwanit on an inspection tour of the Thai border and the camps, some of which were burned down by the Democratic Karen Buddhist Army (DKBA).

Surachet, who held an unscheduled five-hour meeting yesterday morning with his Burmese counterpart Southeastern Commander Maj Gen Ket Sein, said after the talks that he had raised the border incidents with Ket Sein and asked the Burmese general "to cooperate" in preventing similar occurrences in the future.

He quoted Ket Sein, who is responsible for the areas where the DKBA forces are active, as agreeing to consider the request.

Surachet said the Burmese general was not in the country when the violent acts took place and would "have to consider and investigate all the evidence about the incidents " .

The Thai general said he could not confirm whether the intruders were DKBA or Burmese forces, but said Thai authorities still have to investigate the incidents and find out the identities of "the foreign forces" .

Karen refugee officials said both the Burmese and DKBA troops have been involved in the continuing raids and harassment of refugees since February.

"We (Thailand) don't know who they (the intruders) were. We didn't see clearly (whether they were Burmese or DKBA forces) because they crossed at night," Surachet said.

The Burmese team, which was initially scheduled to fly to Bangkok at 7.30 am, could not leave Chiang Mai until about 2.30 pm.

Surachet told reporters that the delay was because the Thai Army plane, which was to transport the group, was unexpectedly commissioned to fly on another urgent mission.

Surachet also played down the last-minute cancellation of a scheduled courtesy call by Burmese delegates to Army commander Gen Wimon, saying the Thai general was unexpectedly engaged elsewhere.

Krasae, Ing Huot Discuss Joint Border Committee

BK2604152395 Bangkok BANGKOK POST in English 26 Apr 95 p 6

[Report by Nusar Thaithawat in Bandung]

[FBIS Transcribed Text] Cambodia has proposed placing a Thai-Cambodian joint committee dealing with border issues under the umbrella of the joint commission, Cambodian Foreign Minister Ing Huot said.

He made the proposal during a bilateral meeting with Foreign Minister Krasae Chanawong yesterday, ahead of the first meeting of the Thai-Cambodian Joint Commission on May 6-7 in Phnom Penh.

Mr Huot said he was looking forward to the first meeting which will finally set a formal mechanism to deal with bilateral issues between the two neighbours.

Each of the two countries has set up a border coordinating committee—the Thai-Cambodian border coordinating committee headquartered in Aranyaprathet, and the Cambodian-Thai border coordinating committee in Poipet. They are mainly composed of military people.

"Yes, we already have a joint committee, but we want to formalise it, place it under the joint commission and have representatives from the Foreign Ministry," Mr Hout told the Bangkok Post.

Problems along the 824-kilometre-long common border in the recent past have placed dark clouds over the two countries' bilateral relations.

Dr Krasae told reporters after the meeting that his aspiration as foreign minister is to create better understanding between Thailand and its neighbours.

"If I fail to create better understanding and cooperation and more love for each other, I fail as a foreign minister," he said.

Dr Krasae said both sides will keep the joint commission a wide-ranging forum where all issues—social, political, economic and security—can be raised.

He said sub-commissions dealing with particular issues of mutual interest may be set up later under the joint commission, if need be.

Mr Huot said the possibility for joint development of the overlapping claims in the Gulf of Thailand could also be discussed under the joint commission as an economic issue.

Industry and Mines Minister Peou Sothirak begins a two-day talk in Bangkok tomorrow and Friday with Thai officials about the possibility for joint development of the overlapping claims.

In addition to Mr Huot, Dr Krasae held a series of bilateral meetings throughout yesterday with the foreign ministers of Nicaragua, Mongolia, South Africa, Singapore and Italy.

All the ministers and those from some 112 countries are in Bandung to attend a commemorative ceremony of the 40th anniversary of the Asian-African Conference in 1955, which led to the founding of the Nonaligned Movement six years later in Belgrade, and the ministerial meeting of the Coordinating Bureau of the Nonaligned Movement, which ends tomorrow.

The NAM meeting yesterday decided to give up the original joint communique which had more than 60 points, and instead issue a short statement about the meeting and as common a position as possible on the four key issues of the extension of the Nuclear Nonproliferation Treaty, the reform of the United Nations Security Council, Agenda for Development and the commemoration of the 50th anniversary of the UN.

Meanwhile, the bilateral meeting between Dr Krasae and Nicaraguan Foreign Minister Ing [Engineer] Ernesto Deal Sanchez was the first meeting between the foreign ministers of both countries.

"Nicaragua strongly believes that should strengthen our relations," the Nicaraguan minister said, adding that both sides should continue meeting each other.

He presented Dr Krasae with documents concerning investment in Nicaragua, explaining that Nicaragua was undergoing a process of privatisation in the energy and telecommunications sectors.

Thai businessmen could invest in the textile industry in Nicaragua and use it as a production base for the US market, as the country will not be limited by quotas when it joins the North American Free Trade Area (NAFTA) in the year 2005.

As for the meeting with the Mongolian minister, Dr Krasae said Mongolia has sought Thailand's support to attend as an observer the forthcoming meeting of the ASEAN Regional Forum and the ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) in Japan.

IPR Law Under Revision To Meet WTO Codes

BK2704073995 Bangkok BUSINESS DAY in English 27 Apr 95 p 3

[FBIS Transcribed Text] Phuket—The Thai government is currently working to amend the country's intellectual property law to meet the requirements of the Trade-Related Intellectual Properties (Trips) agreement under the World Trade Organization (WTO).

Suchai Chaowisit, director-general of the Intellectual Property Department, said yesterday that the government is reviewing some contents of the Intellectual Property Act (1994) which need to be amended to meet the global standards.

Mr Suchai cited the drug patent as an example. He said that the Thai law authorizes the patent-issuing committee to ask for further information on such drugs, such as the initial cost, formula and so on, before the committee issues a patent for the medicine.

"This content of our law contrasts to the Trips standards, which requires no conditions for the invention eligible for patent coverage," Mr Suchai said. "We will definitely amend this part so that our law meets with the Trips agreement, of which Thailand is also a signatory."

Mr Suchai said all signatories of Trips will have to amend their own laws within the designated timetable as part of the process to make the planned free trade agreement a reality.

Under the agreement developing countries are allowed up to five years in order to improve, adjust, revise, or amend their rules and regulations or laws to meet the WTO standards, and one year for developed countries.

"It's up to our government as to whether we will spend five years in doing so or implement it sooner," the chief of the Intellectual Property Department said. "The sooner we do it, the better it protects our interests. It means that we can compete better than countries which are slower in improving themselves."

Mr Suchai said that all ASEAN members, which include Brunei, Indonesia, the Philippines, Singapore, Malaysia and Thailand, are expected to adopt common standards on intellectual property protection within the five-year term.

"All ASEAN members are required to take action under the same agreement within five years' time. So ASEAN co-operation on this matter can be expected within the next five years," he said.

"But it can also be sooner than that if we can discuss and agree on a common stance during the upcoming ASEAN Economic Ministerial meeting (to be held in Brunei in September)."

Kroekkrai Chiraphaet, director-general of the Business Economics Department, said that the issue of the regional patent office will also be discussed during an informal ASEAN economic ministerial meeting in Phuket tomorrow and Saturday. The working groups of the senior economic official meeting (SEOM) have been discussing the establishment of the regional patent bureau which will oversee the patent issuance throughout the region.

Organized Crime Involved in Illegal Immigration

Police Corruption Admitted

BK2604122495 Bangkok THE NATION in English 26 Apr 95 p A 3

[FBIS Transcribed Text] Senior police admit that corrupt officers are involved with the criminal syndicates which are cashing in on illegal immigrants.

The Immigration Division commander Pol Lt Gen [Police Lieutenant General] Kiattisak Praphawat, said his division had been plagued by corruption "for a long time".

"I'm trying to solve the problem by prosecuting (the corrupt officers) or transferring them out of my unit.

"I have the names of some suspects and they are being investigated. Tough measures will be taken against any officers who are found guilty," he said.

Illegal immigrants always entered Thailand on foot, sneaking in through the forests which cover the border areas.

This made it difficult for immigration officers to catch them. Many of them were abetted by criminal syndicates.

"The country's borderline stretches about 8,000 kilometres, so it is difficult for officers to prevent illegal entries," he said.

According to a National Security Council estimate, there were more than 500,000 illegal immigrants in the country.

Burmese made up the highest number followed by Chinese, Kiattisak said, without giving more precise figures.

Some of the immigrants remained in Thailand, employed as cheap labour, while others chose to travel to a third country particularly the United States or Europe.

Kiattisak said the Immigration Division was cooperating with US officials to monitor the racketeers who move illegal immigrants from Thailand to a third country, but he declined to reveal more details.

Corrupt officers were known to have helped illegal immigrants leave the country, he said.

Sometimes they helped foreign criminals forge migration documents.

Kiattisak said "more than 99 per cent" of the fake passports and visa stamps found in Thailand were the work of foreign criminals, particularly Burmese and Pakistanis.

Pol Maj Gen [Police Major General] Amarin Niamsakun, commander of the Police Department's Foreign Affairs Division, also said he suspected corrupt officials helped illegal immigrants leave for a third country.

"I cannot confirm that some airline officials or police officers have any involvement (with the criminals).

"But I think that without help from the officials concerned, many illegal immigrants with fake passports could not escape the law," he said.

Officials were keeping a close watch on known criminal syndicates believed to be active in the illegal immigrant racket.

"For example, a syndicate known as the Snake Head is sending illegal immigrants into the US," he said, adding that the syndicate was believed to have Thai accomplices.

Most of the migrants who wanted to sneak into the US were Chinese, he said.

"They enter Thailand from the north through the thick forest that grows along the border.

"They disguise themselves as Thais or some other nationality and then look for fake passports with visas for the US," he said.

Amarin said he could not give a precise figure for the number of illegal immigrants in Thailand, only that the number was "large".

"In most cases, fake passports do not work. So they usually try to get into the US by sea, landing near the border between the US and Mexico."

Nation Termed 'Transit Hub'

BK2604132495 Bangkok THE NATION in English 26 Apr 95 p A3

[Report by Chaiwut Mansing]

[FBIS Transcribed Text] Thailand is the transit hub in the region for illegal immigrants en route to the developed world. With the help of corrupt officials and lax penalties, the demand for the service has enabled an elaborate network of human trafficking agents to flourish.

The United States remains the most favored destination for illegal immigrants wishing to escape their own country. However, the old days when cash-strapped immigrants could make it to the "land of milk and honey" by boat are long gone since the U.S. enforced tougher measures against illegal immigrants.

Nowadays, it takes a significant investment to skirt the immigration law and make it overseas illegally.

For most, Thailand is the first port of call as the major transit route for illegal immigrants.

This is due in no small part to immigration authorities who have raked in huge amounts of money allowing immigrants to depart Thailand on fake passports.

Sometimes those who plan to seek out a new life in the States hide out in neighboring countries, such as Laos, Cambodia and Vietnam, while their agents in Thailand arrange for their fake documents.

As soon as the necessary documents are ready, the immigrants are trucked into Thailand and they take a flight to any number of eastern European countries which do not require entry visas. From there, it's direct to the U.S.

Most of these immigrants, ranging from 20 to 40 years of age, come from Fujian Province in China. But it's only for those who can afford the very expensive charge—anything from [baht] Bt600,000 to Bt750,000.

Immigrants who want to settle in the U.S. must also produce a reference from the States to guarantee that all expenses will be paid to the agent as soon as they set foot on American soil.

But where does this lucrative scam begin? What's the first step for illegal Chinese immigrants who want to make their way to the States?

First they must contact a local agent in China who in turn links up with a broker in Thailand. The first payment of around Bt25,000- Bt30,000 is paid after they come to terms with the Thai agent.

Human traffickers claim the first payment will be spent on bribing Thai authorities to turn a blind eye to the immigrants as they make their transit through Thailand. The bribe will also secure immigrants immunity from legal prosecution if they are arrested.

Accommodation is then arranged for the immigrants while fake passports and visas are prepared. A further Bt65,000 is paid once the documentation is in their hands. The balance is paid only after they arrive the United States.

People who seek to illegally settle in a third country are known as "piglets", but the trafficking rings prefer to call their clients "ducklings" .

Police said the business is as lucrative as the drug trafficking racket but criminal prosecution carries only a light penalty compared with convictions on drug related charges.

"If they succeed in sending immigrants abroad, they can earn Bt200,000 to Bt300,000 from each one," a source from the Police Department said.

Police said they face an uphill task to crack down on the business and accused some corrupt authorities of making that task even harder by conspiring in the racket.

In fact, human trafficking is an international industry. Many trafficking rings have a large network covering China, Thailand, Burma, Cambodia, Singapore, Malaysia, Philippines, Japan, Korea and the United States.

Normally, "piglets" enter Thailand with genuine documents, but some of them also slip into the country illegally through the northern border provinces. They are then given lodging in and around Bangkok.

According to the source, there are at least four people—"Hia [Brother] Bu", "Hia Rak", "Hia Pure" and "Odd"—who get in touch with their "contacts" at Don Muang Airport. These immigration authorities facilitate the safe passage of the piglets without fear of detection.

"If there are any immigrants to be sent out that day, one of these four people will inform the corrupt airport authorities details about the immigrants. They then communicate by code to make sure they are let through without any hassles," said the source.

From there the piglets can merely display their boarding pass, not their dubious passports, to immigration authorities in the countries where they have to transit.

According to the source, "Hia Rak" is the most notorious man in the trade for forging documents. He is established in Bangkok's Latphrao District and has been in the business for a long time. He buys genuine passports and transforms them into fake but believable equivalents. His subordinates are mainly Chinese.

"Hia Rak" has established a reputation for having an uncanny knack in dealing with immigrants. He is also reportedly cheaper than others in the trade. Further, he has links in the sex trade and has a very close relationship with immigration authorities.

"Hia Pure" is more adept at working in the flesh trade than human trafficking. His business once thrived in Bangkok but when he was put under close scrutiny he shifted his center of operations to Phuket International Airport.

Finally, "Odd", or "Doctor" as he is known, has lost most of his "clients" to "Hia Bu" because he has proved untrustworthy.

While things don't always go as smoothly as they would like, human trafficking gangs have contingency plans that often rescue their piglets from spending time in the pen.

When piglets are arrested at the airport, the gangs manage to remove their clients from the grasp of the law. In the event of an arrest, piglets are investigated by a group of authorities who are involved in the trafficking itself.

The authorities will then give genuine passports which piglets used to enter Thailand to other investigators and then suggest they be deported to their countries of origin. But instead of being deported, piglets will be released and sent to a safe house by the gang.

There are a few Chinese gangsters who provide "temporary" lodgings for piglets who fail to get out of the country. The shelters are scattered over Bangkok. They include: a safe-house in the Ram Inthra [road] area owned by "Je [sister] O", another on Sukhumwit Road owned by "Je Mao", on Wongwian Soi 22 owned by "Hia Jua" and on Suthisan Road owned by "A [Uncle] Ping".

Apart from the large-scale operators there are also some small- time racketeers in the human trafficking business. Many of them are also involved in drugs and prostitution and some have criminal records.

Cabinet Chief: Law No Impediment to Extradition

BK2804104395 Bangkok BANGKOK POST in English 28 Apr 95 p 7

[FBIS Transcribed Text] Cabinet Secretary-General Wisanu Khruangam yesterday told the Criminal Court there are no laws in this country which forbid the extradition of Thai nationals to a foreign country to stand trial on criminal charges.

Mr Wisanu yesterday testified as a prosecution witness in a case instituted by the prosecution to seek the court's permission for the extradition of former Chat Thai MP Thanong Siriprichaphong who is wanted on drug trafficking charges in the United States.

He said he was assigned by Prime Minister Chuan Likphai last May to look into the possibility of extraditing Thanong as requested by the US.

He said he had consulted legal experts and studied several existing laws and found that there are three acts of legislation related to the issue, namely the Extradition Act B.E. [Buddhist Era] 2472, the International Criminal Cooperation Act and the Thai-US treaty inked in 1983.

The Cabinet secretary-general told the court that the Cabinet on January 10 this year decided to let the court rule on whether Thanong could legally be extradited.

Editorial Backs Submarine Acquisition by Navy

BK2604132395 Bangkok BANGKOK POST in English 26 Apr 95 p 4

[Editorial: "Navy Given a Raw Deal by the Politicians"]

[FBIS Transcribed Text] The Royal Thai Navy [RTN] seems to have good reason to feel frustrated. Its seven-year plan to acquire two medium sized conventional attack submarines which will cost the taxpayers 17 billion baht has been "delayed" by order of Defense Minister Wichit Sukmak.

The Navy planners had expected the defense minister to be assertive in defending their acquisition plan and also in enlightening the Cabinet of the security needs and strategic thinking behind the plan. But this didn't happen. In stead, the procurement plan which is the result of meticulous study with an analytical look into the future trend of the economic and military situation in the region never reached the Cabinet. It didn't even get beyond the defense minister's lap.

Doubters may question the RTN's perceived security need which requires them to invest so heavily in acquiring two submarines. They may also find the plan outrageous and unacceptable given a number of factors, among them the end of the Cold War, the demise of Communism and, above all, the absence of a real enemy in the region providing a threat which the submarines could counter. Thailand's former arch enemy, Vietnam, is to join the ASEAN club soon. Burma, on the other hand, is too busy fighting its own war against rebels of various minority groups and has shown interest in joining the club.

Those who disagree with increased military spending may argue that there is a greater need for the limited budget for development in other areas such as education, health care and infrastructure which should be treated with top priority. After all, a country can achieve progress and prosperity only when its people are well-educated, healthy and with adequate infrastructure provided by the Government which would attract investment and enable trade and business to function smoothly.

Yet, the need to protect the country's sovereignty and to safeguard its natural resources in the sea, such as fishing grounds and undersea mineral resources should not be overlooked. Instead, this should be given serious consideration given the latest disturbing developments in the region, especially the increasing conflicts over territorial claims in the South China Sea and the expansion of China's naval power in both the South China Sea and Indian Ocean. China's unilateral seizure of some atolls in the Spratly archipelago which has resulted in a confrontation with the Philippines should serve as a reminder of the kind of conflict that could recur in the region in the future.

Although Thailand is not likely to engage in a conflict with China or other claimants to the Spratly or the Paracels in the South China Sea, the acquisition of just two conventional submarines would help enhance defensive naval capability to protect the country's territorial waters. This does not necessarily mean expansion of the country's naval force, but modernization to keep the force compact in size, but more efficient.

Like children who love toys, military planners alike love new weapons—the more modern, sophisticated and destructive the better. It seems like an obsession which was further deepened by the mutual distrust and anxiety which are typical characteristics of military men, even among allies. It would require a lot of confidence building to break the wall of mutual distrust and to bring them closer—a task which is possible with the initiative or help of the civilian government leaders.

There is no denying that an arms build-up is undesirable because it will siphon away a substantial amount of budget which should otherwise be spent on more constructive projects such as education and health care. It could also lead to an arms race by countries in the region. Yet, no military planners in this region are happy to sit idly by and watch their neighbors keep on building up their defense capability. And the Royal Thai Navy simply does not want to just twiddle its toes and do nothing. Nor does it want to get caught in a situation where it is powerless even to safeguard the country's basic interests which, after all, is its cardinal responsibility. Some sense of balance must be retained.

Export, Import Values Rise in 1st Quarter

BK2804040395 Bangkok THAI RAT in Thai 27 Apr 95 p 7

[FBIS Translated Excerpt] Deputy Commerce Minister Kopsak Saphawasu said that the Export Development Committee, chaired by Deputy Prime Minister Suphachai Phanitchaphak, has received a report on Thailand's export and import values for the first quarter of 1995.

The total export value in the first quarter of the year was 306 billion baht, a 19.42 percent increase over the corresponding period of the previous year. The total import value was registered at 362 billion baht, an increase of 15.56 percent over the same period in 1994. As a result, the country suffered a trade deficit of 56 billion baht, an increase of 0.11 percent.

The major exports were ready made clothes, electrical appliances, electronic supplies, and computer and video equipment. Japan and Europe remain the major markets for Thai exports. The prices of Thai products in those markets are low as a result of changes in currency values. Markets that may become increasingly important for Thai goods in the future include China, Hong Kong, and South Korea.

The official said the import value in the first quarter of this year was also greatly affected by changing currency values that resulted in a greater value of the trade deficit, especially for imports from Japan and Europe. [passage omitted]

Vietnam

Medical Supplies Received From U.S. Group

BK2704152195 Hanoi VNA in English 1411 GMT 27 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 27—The recent medical supplies brought to the Vietnamese people by the Heart to Heart International is a manifestation of goodwill and friendship from Americans towards Vietnamese.

So said Vice President Nguyen Thi Binh while receiving here this afternoon a delegation of the American non-governmental organisation Heart to Heart International (HHI) which has been here for a visit.

The HHI delegation, headed by its chairman, Dr. Gary Morsch, has handed over 40 tonnes of medical supplies which are worth USD [U.S. dollars] seven million, to the healthcare service of Vietnam as aid.

The vice president informed her guests of the socio-economic situation in Vietnam including the achievements made in the current renovation process and thanked them for their goodwill toward Vietnam.

On behalf of the delegation, Dr. Gary Morsch expressed his pleasure to visit Vietnam and said that HHI would continue carrying out its activities to promote the friendship between the two nations.

Denmark To Fund Cement, Water Quality Projects

BK2704151395 Hanoi VNA in English 1420 GMT 27 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 27—Denmark has signed an agreement with the State Planning Committee providing USD 1.1 million for the preparation of a plan for the development of the cement industry in Vietnam .

The main goal of the project is to prepare a strategic development plan for the cement sector covering the period 1996-2010. Under the project an assessment will be made of the supply and demand for cement and of the various physical, organizational, human resources, financial and economic aspects of particular relevance to its development. In addition, the investments required to put the strategic development plan into practice will be analyzed and detailed.

Over the years, Denmark has funded the establishment of the Hoang Thach cement plant, covering the entire cost of the factory's first production line and part of the cost of the ongoing construction of the second production line.

Denmark has also signed an agreement with the Mekong Secretariat in Bangkok providing USD 1.8 million for the third phase of the action plan for the upper Srepok River basin in Vietnam's central highlands.

The main aim of the project is to protect water at the source and promote its sustainable use for the benefit of the population of more than one million people who live in the basin area.

The first phase of the project started in April 1993. While Phase II has just been completed, Phase III is scheduled to last 22 months. In the third phase of the project a programme for water quality monitoring will be established, an assessment will be undertaken of the ground water resources on the Darlak plateau and analysis will be made of alterations in the vegetation cover as a result of shifting land use and observed changes in the water run- off in the river. An assessment will be made of the possibility of preventing flood damage and the capacity of a number of institutions working in water related monitoring will be strengthened.

The Darlak Province is a priority area for Danish development cooperation with Vietnam. In addition to financing the action plan for the upper Srepok River, Denmark is preparing to provide funding for water supply, agriculture and forestry identified as part of the action plan.

Thailand To Help With Management Training

BK2704150895 Hanoi VNA in English 1233 GMT 27 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 27—A memorandum of understanding (MoU) on the training of first Vietnamese masters of administration was signed in Ho Chi Minh City on April 25 between Vietnam and Thailand.

Signatories were Prof. Dr. Nguyen Duy Gia, director of the Vietnam National Institute of Administration (NIA) and Prof. Dr. Anumongkhon Sirivethin, director of the Thailand National Institute of Development Administration.

Under this memorandum, a course, with Thailand's financial assistance, will be held in late this year. The course which is expected to last two and a half years will be attended by lecturers of the NIA and state cadres involving in managerial work.

During the course, Thai and Vietnamese professors will acquaint the participants with basic knowledge of administration theory and experience on public and development administration comparision between Vietnam and Thailand's systems of politics, economy, society and administration and methodolody and skills in managing.

Health Cooperation Pact Signed With Thailand

BK2604030395 Hanoi VNA in English 1428 GMT 25 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 25—Thailand's Public Health Minister Dr. Athit Urairat today concluded his four-day working visit to Vietnam at the invitation of his Vietnamese counterpart, Prof. Nguyen Trong Nhan.

While here, the Thai minister was received by Deputy Prime Minister Nguyen Khanh and visited Hospital A in Bac Thai northern province and some other medical and social establishments.

On this occasion, a memorandum of understanding on bilateral cooperation between the two health ministries was signed, under which Thailand will help raise the management capability of Hospital A in Bac Thai, develop medical service in Dien Bien District, and a primary health care project in Lai Chau Province. Besides, the two ministries will also cooperate in research, exchange of lecturers at medical colleges, and community health care.

Before departure, the Thai minister granted the Vietnamese Public Health Ministry 580 kg of medicines and medical equipment.

Relations, Friendship With Cambodia Reviewed

BK2704141195 Hanoi Voice of Vietnam in English 1000 GMT 27 Apr 95

[Station commentary]

[FBIS Transcribed Text] Cambodian Prince Sirivut, president of the Institute for Peace and Cooperation of Cambodia returned to Phnom Penh on Tuesday [25 April], ending his official visit to Vietnam. Here is our views on this event.

Prince Sirivut is Deputy Prime Minister and Foreign Minister of Cambodia. He is now secretary of the FUNCIPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], and president of the Institute for Peace and Cooperation. During his stay in Vietnam, Mr. Sirivut and his party exchanged views with the Vietnam Institute of International Relations on foreign affairs, regional issues in the post-cold war period, and issues of common concern. The delegation was received by Foreign Minister Nguyen Manh Cam and Chairman of the External Relations Committee of the National Assembly Hoang Bich Son.

Vietnam and Cambodia are regional neighbors. Both countries have shared weal and woe in the struggle for national independence, national defense and construction. Since the setting up the Royal Government in 1993, political, diplomatic, economic, trade, cultural, scientific, and technical relations between Cambodia and Vietnam have developed. In August 1993, a delegation of the Cambodian Government led by the two copremiers Ranariddh and Hun Sen visited Vietnam, followed in March 1994 by the Chairman of the National Assembly Chea Sim, making an official visit to Vietnam.

Vietnamese Prime Minister Vo Van Kiet visited Cambodia in March last year, followed by many high-level visits. This has enabled development of bilateral relations. Vietnam and Cambodia have signed many agreements and protocols on bilateral cooperation. At present, the two countries are taking measures to solve the problem of Vietnamese nationals living in Cambodia, the border issue, and other issues relating to the two countries.

Speaking at Pochengtong airport upon his return, Mr. Sirivut affirmed that Cambodia and Vietnam have reached understandings between the two states, two governments, and two national assemblies. He said Cambodia wanted to establish social relations with Vietnam to erase all misunderstandings between the two countries. As the secretary of the ruling party, he affirmed that he wants to establish relations with all ruling parties in neighboring countries, including the Communist Party of Vietnam.

Radio Highlights Ties to Kuwait, Syria

BK2704092595 Hanoi Voice of Vietnam in English 1000 GMT 26 Apr 95

[FBIS Transcribed Text] Vietnamese President Le Duc Anh is to visit Kuwait and Syria from 1-7 May. Our radio editor highlights the relationships between Vietnam and these countries.

In addition to its open-door policy of making friends with all nations, Vietnam has [words indistinct]. Following the successful visits to South Korea and Japan by Vietnamese Party General Secretary Do Muoi, this time the Vietnamese head of state, Le Duc Anh, is to visit two Gulf countries, Kuwait and Syria. Although Vietnam and Kuwait and Syria are distant geographically, they have always maintained fine relationships. Over the past few years, Vietnam and the two Gulf countries have exchanged visits of high-ranking delegations to boost bilateral relations. In October 1993, Deputy Foreign Minister Nguyen Dy Nien was sent as the President's special envoy and in May 1994, Deputy Prime Minister Nguyen Khanh visited Kuwait, Syria, and some Middle East countries. In return, many high-ranking Kuwaiti delegations, including the Kuwaiti president and several Kuwaiti ministers have visited Vietnam. It was not until 1976 when Vietnam and Kuwait established diplomatic relations but Kuwait has been valued among the six Gulf countries that have made great contributions to Vietnam's national reconstruction. Kuwait has provided Vietnam with about 60 million dollars for irrigation projects at (?Ben Tranh), Dau Tieng, and (?Nhon Trach). The country has recently helped Vietnam with two other irrigation projects which are now in the stage of feasibility finalization. Kuwait has granted Vietnam loans with preferrential interest rates to contribute to the process of renovation.

Syria established diplomatic relations with Vietnam in 1966. Syria was active in giving assistance to Vietnam during the anti-U.S. war for national salvation. Syria gave Vietnam 3 million dollars' worth of medical equipment and medicine during the war. The two countries have signed an agreement on trade cooperation. It is likely that more bilateral agreements will be signed in the future.

During his visit to Syria in November 1994, the Vietnamese minister of culture and information, Tran Hoan, signed an agreement on cultural cooperation for an extended period. Vietnam and Syria [word indistinct] exchange goods with Vietnam exporting rice, tea, and coffee to Syria.

Through the great potential for commercial and economic cooperation between Vietnam and Kuwait and Syria, President Le Duc Anh's official visits to these countries will enhance further relationships.

Agriculture Bank Director on Economic Issues

BK2804041295 Hanoi VIETNAM ECONOMIC TIMES in English Apr 95 pp 12, 13

[Interview with Pham Van Thuc, general director of the Vietnam Bank for Agriculture, by an unidentified correspondent; place, date not given]

[FBIS Transcribed Text] **A recent World Bank survey said that 51 percent of Vietnam's population is living in poverty. That's a lot of people. Realistically, how will you reduce this?**

VBA [Vietnam Bank for Agriculture] has a very close relationship with the farmers. We have 2,500 branches throughout the country. In order to help farmers improve productivity, we have reserved a large amount of money for them to draw loans at preferential interest rates, including long term loans. What we also do is increase the interest on loans extended to people who are doing well in business as a means of subsidising the low interest loan schemes for the poor. We have to give them a fishing rod to help themselves, rather than keeping them on the begging bowl system.

There is a large gap between the incomes of the urban population and those in the countryside. This trend is increasing. Isn't there a danger that Vietnam will develop into a society along the lines of some South American countries (like Brazil) where there is a small, wealthy urban elite, no middle class and a massive section of the population locked into low wages and low living standards?

It is good that we understand this problem. I hope that when Vietnam has an understanding of this problem, it will find out a way to solve it. Personally, I think that the government obviously has to modernise and industrialise, not only SOEs (state owned enterprises) that are intended to be the backbone of the national economy but also the countryside. If we do not solve this problem, we will suffer two consequences: the distance between rich and poor people will widen and the people from the countryside will flood into the cities and create social problems. The biggest thing is to create the right environment for the commodity industry. It's clear that we need to locate processing factories near the raw material source.

In order to keep people in the countryside, we have to develop agriculture and the economy there in general to make use of surplus labour. Rehabilitating traditional handicrafts is one way. I want to emphasise that if we only concentrate on urban development and ignore agriculture and farmers, we're making a very big strategic mistake.

Would you support the growth of a middle class in the countryside?

I support the idea that poor people become middle class and the middle class becomes rich.

Although the rural credit scheme has been operating for some years, not all farmers have access to this credit. Why?

I have to say I can't give a full answer to this question. Certainly, the government is looking at this problem. We have already organised programmes such as replanting bare hills, creating jobs, erasing hunger and poverty—but I am not quite clear on the result of those programmes.

As far as the VBA is concerned, we have lent seven trillion dong. There are in fact still a lot of farmers with no support from anyone and who don't have access to loans because we just don't have the money. We also don't have as many branches as we would like.

What will you do to solve this problem?

VBA was established in the end of 1991. At that time we had severe problems because we were saddled with about 1.56 trillion dong of outstanding loans (from the bank from which we were formed), 92 percent of which was to SOEs, plus 32,000 staff. How could we feed such a mass of staff with only 100 billion dong left to do business with? It was a very difficult question. However, we turned things around. I believe that this year we can do better business. At the moment, we have 12 trillion dong in capital. Out of that amount, 75 percent is invested in the private sector. Sixty one percent cent of that is loans to farmers. Specifically, we will mobilise money from people and lend the money back at market rates. This year, we plan to increase loans from 10 trillion dong to 14 trillion. We will lend to poor farmers even if we end up losing money. But it will not be a big amount, because we have to concentrate on the commodity-producing areas. The amount we can get from domestic sources is estimated at two trillion dong. Therefore, the target of 14 trillion dong is quite realistic.

Do you predict an increase or a decrease in the rate of migration to the cities from the countryside?

It is clear that people will continue to flow from the countryside to the cities. In order to limit this, we must industrialise the countryside in the way I have already described.

A fund was recently set up worth one trillion dong from which the poor could borrow. What is the aim of this fund and where does the money come from, bearing in mind that Vietnamese banks have very little capital?

Vietcombank and VBA are the founders of the fund, which consists of 400 billion dong, deducted from the commercial capital of the two banks. We intend to start our activities from April 1. Households that are considered poor have an average income per month equal to 15 kg of rice per capita. We will lend the 400 billion dong for three years. When the householders pay the money back we will lend the money. We estimate that about 300,000 households will get access to loans every year. After three years, we will have helped more than one million households. We will ask other banks, financial organisations, and foreign and domestic enterprises to contribute so that the fund can be increased. In order to mobilise the 400 billion dong, we will lose about 50 billion dong annually. But this is something we have to accept because we will lend to certain other projects at a high interest rate to subsidise the loss. We hope people will support us. This is money we borrow and lend to poor people. The procedures are very simple. We won't be asking people to put up their property as security. We will only require them to form groups which will then make a proposal for the amount of money they need, which will then be forwarded to the bank. We are ready to take the risk but, equally, we would like the government to exempt us from tax on this capital.

General Luyen Discusses Readiness Training

952E0068A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Jan 95 pp 3-6

[Article by Senior General Dao Dinh Luyen: "Implement the 1995 Combat Training Tasks and Actively Contribute to Increasing the Integrated Strength and Combat Readiness Capabilities of the Army"[1]

[FBIS Translated Text] In 1994, the armed forces, together with all the people, made a great effort to overcome the difficulties, actively carried out the national defense tasks in an all-round manner, and achieved relatively good results on many fronts.

Combat training has clearly changed and advanced. "There has been all-round development in accord with the plans. Attention has been given to training cadres and soldiers, to providing technical and tactical training, to maintaining materials and carrying on drills, to training both the regular forces and the reserve forces, and to training both the infantry and other branches. The content of the training has been in accord with the requirements and tasks, with our combat methods, and with the situation and capabilities of each unit in order to maintain combat readiness. The emphasis has been on providing the servicemen with training concerning orders and correct behavior and conduct and establishing work order based on functions and responsibilities at all echelons. There has been a good change, and the number of disciplinary infractions committed by servicemen has declined."[2]

These results manifest the great effort and lofty spirit of responsibility of the cadres and soldiers throughout the military, particularly of the party committee echelons and commanders with respect to an important task in national defense work.

However, as compared with the need to improve the all-round quality of a "revolutionary, regular, leaner, and more modern" army, the results of 1994 combat training work still fell short of the mark. There are still a number of shortcomings and weaknesses that must be overcome, as was mentioned in the summary report. What should be noted is that the tasks of organizing, managing, and implementing the training of cadres, particularly primary-level cadres, are still weak. In combat training, things have not been handled well between basic training and application. The basic movements of the troops are poor, there is a lack of close coordination in joint operations, and tactical situations are dealt with improperly, particularly by infantry detachments.

1995 is a year of great significance to our country. This is the year in which we will conclude the five-year plan (1991-1995). This will be a key year in moving our country to a new stage of development, achieving a certain level of industrialization and modernization, and carrying out many important tasks: organizing the all-military party congress, preparing for the Eighth National Party Congress, and organizing many important national holidays, particularly the 50th anniversary of Independence Day and the 20th anniversary of the liberation of the south and the reunification of the country.

With the achievements scored in renovation, the people are resolved to successfully hit the targets of the five-year plan and generate momentum to move our country to a new stage of development.

In 1995, our country will face many difficulties, and it will have to deal with the consequences of the heavy floods in 1994.

The situation in this region and throughout the world will remain very complex. The imperialists and enemy forces will continue to carry on violent operations and engage in even more insidious, evil, and direct activities in an attempt to change and topple the socialist system in our country. The struggle over sovereignty in the eastern ocean, along the continental shelf, and along our borders will continue to undergo complex changes.

These things have major implications for national defense and military requirements and tasks in general and for combat training in particular.

Concerning 1995 guidelines and tasks, the report by the Central Military Party Committee states: "Military organization must be fundamentally stabilized based on the peacetime requirements in order to develop and improve combat training in accord with the guidelines and contents already stipulated."

This means that we must continue to examine and improve our organization and table of organization and equipment in accord with the new situation and in accord with the laws of peacetime military organization and not do anything to cause confusion. Based on this, we must promote the central task, which is to develop combat readiness training. In combat training, there must be a thorough understanding of the motto "basic, practical, and strong." The various contents must be handled correctly based on that motto. Based on providing basic training, things must be closely tied to the requirements, tasks, and operations spheres of each force and in accord with combat realities in order to effect clear changes in the integrated quality, improve the combat readiness capabilities of the people's armed forces, maintain readiness to attack the enemy in any situation, and ensure that the task of opposing "peaceful evolution" and rebellion is carried out well.

As the activist force of all-people's national defense and as a force that bears a great responsibility in protecting the party and defending socialism, the people's army must improve its political quality. It must build strong political capabilities and have the strength to resist the plots and stratagems of the enemy. It must constantly elevate its spirit of revolutionary vigilance and promptly discover and criticize erroneous arguments. In addition, the military must contribute, together with the party committee echelons and local authorities, to spreading propaganda and mobilizing the masses, maintaining political stability in the localities, and building a strong all-people's national defense front.

As for the specific requirements and tasks of this year's combat training, people can study things carefully in the ministry's combat training orders. Here, I will discuss only a number of key themes.

1. On building a regular [army]:

This is both a requirement and a major measure that establishes a basis for promoting the work of improving the integrated quality and combat strength of the military.

Recently, notable advances have been made in regularizing the military, both in ideological understanding and in the actions of all echelons in the military. Thanks to the results achieved in implementing the contents and in implementing a uniform dress code throughout the military as of 10 November, the quality of regularization has improved, which is something that civilian, political, and party organizations and the people greatly welcome. In terms of bearing and behavior, our military's cadres and soldiers are more serious and stronger. This is manifested in the implementation of the procedures from the ministry to the primary-level units both on the bases and outside the bases.

However, this is just the start. Furthermore, regularization cannot stop at unifying uniforms but must be carried on in carrying out the procedures and unifying all aspects in each unit and in the entire military.

Thus, in 1995 and the coming years, building a regular [army] must be regarded as one of the central and regular tasks. The system of orders and work statutes of the sectors, which includes staff and combat statutes, must soon be improved in order to unify things throughout the military. The specific documents, stipulations, and guidelines for implementing things must be examined and revised in order to synchronize each element. By 10 November and 22 December, the organizations and units must strengthen the measures in order to promote the work of implementing the procedures and stipulations and bring order to and achieve practical results in accelerating things and improving quality in carrying out the task of regularizing our army.

To talk about regularization is to talk about discipline, but the discipline of our people's army is self-conscious discipline, not forced discipline through militaristic forms. Committee echelons and commanders must have suitable measures and deal promptly with those cadres who use militaristic measures with the troops. Resolute steps must be taken to put a stop to militaristic actions regardless of how small and regardless of the situation. Militaristic actions cannot maintain or strengthen discipline. A matter of great importance in carrying on regularization is the concept of the self-consciousness of each serviceman in conjunction with having the echelons and sectors organize and implement things in a synchronized, resolute, and regular manner. We must continue to organize things to ensure that each cadre and soldier studies and thoroughly understands the goals, meaning, contents, and measures of regularization. Steps must be taken to ensure real and profound changes in understanding and thinking. Based on that, we must stimulate and exploit a concept of self-consciousness, training, and carrying out orders. This is the only way to turn regularization into a broad and stable movement and achieve practical results.

2. On cadre training:

This is a key task in building the army in general and in combat training in particular. This is because cadres play a decisive role in completing the tasks of the units, one of which is training.

The Central Military Party Committee recently issued Resolution 93 on "continuing to renovate the training of cadres and technical personnel and building regular schools." This resolution clearly states that staffing our officer corps with college graduates must be promoted. This policy is in accord with the requirements of building the ranks of cadres in particular and of building the army in general in the new stage.

Cadre training in 1995 must concentrate on the following:

Along with organizing training for various-echelon cadres at schools, the efforts of the units to organize on-the-job training must be promoted based on immediate and long-term plans. The contents of the training to improve cadre standards must include college-level courses, military specialities, and foreign languages. The premier has issued a directive on providing cadres with instruction in foreign languages. The organizations and units must formulate plans and measures to encourage and help cadres to study. The immediate thing is to formulate plans to enable those cadres who have not completed general middle school to attend classes so that they can complete this program as soon as possible.

The ranks of cadres at the various echelons must be trained in stages before the units are trained. This is a necessary task that must be carried on steadily. It must be ensured that the cadres train their own units. To do this, the training contents and methods must be in accord with each cadre echelon. Providing the same training to cadres from two-three echelons will not achieve results. Also, the training contents and methods must be in accord with the special characteristics and standards of the cadres and the specific training requirements of each unit. This means that higher echelons cannot interfere but must implement decentralization in order to train and educate the cadres.

Along with concentrating on training cadres prior to and during the process of training the units, attention must also be given to training and raising the command and staff standards of the commanders and various-echelon organizations. In 1995, the ministry will inspect the commanders of infantry divisions throughout the army and have the branches and services inspect their regimental and brigade commanders. The experience gained in inspecting the commanders of infantry regiments in 1994 will be used to determine more appropriate and effective inspection contents and methods.

In 1995, in cadre training and unit training, the training and maneuvers must be based on methods of attack using weapons and equipment presently in our table of organization and equipment. Real stability must be maintained. It should not be thought that this is just a temporary, situational measure. Rather, this is a guiding idea that is based on practical experience and that is in accord with our country's situation and with Vietnamese military arts and traditions. The cadres and soldiers must truly believe in this way of fighting. Much effort must be invested in finding many effective plans and solutions to raise standards and improve capabilities in order to complete the tasks. Based on this, combat training plans must be formulated for when we have been equipped with a number of technical weapons. Besides combat training in conditions in which the enemy uses conventional weapons, there must be training in conditions in which the enemy uses electronic warfare and chemical weapons. The various branches and services and technical sectors must understand infantry combat.

3. Reviewing the renovation of combat training and building units that are strong in all respects:

1995 will complete five years of renovating combat training, five years of building up the regiments, and three years of building divisions that are strong in all respects. The ministry will organize a conference to review the problems concerning this work and, based on this, determine training guidelines for the next 5 years and promote intensifying the building of strong regiments and divisions.

Units must organize reviews, make objective and accurate evaluations, and learn the lessons so that this can serve as a basis for reviewing the entire military. At the same time, plans and measures must be formulated to continue renovating training and to solidify and improve the quality of building units that are strong in all respects so that they become stronger and stronger and can satisfy the requirements and complete the tasks given our army in the new stage.

4. The problem of providing budget funds and a material base for training:

This will continue to be a difficult problem in 1995 and in future years. The ministry will strive to balance things in order to give greater priority to the central task, combat readiness training. But it certainly won't be possible to satisfy all the needs. Thus, we must continue carrying out the motto of all echelons looking after things together. The ministry and units are responsible for handling things. The self-sufficiency of the units concerning money and troop labor must continue to be exploited, particularly in building drill grounds and practice field and producing models and instructional tools.

The functional organizations of the ministry must grasp the situation, think hard, and weigh things carefully in order to serve as the staff for the ministry in investing budget funds and allocating funds in accord with the immediate and long-term plans and projects. Dispersion and an "across-the-board" arrangement must be avoided. An effort must be made to ensure that all units have the basic conditions necessary to carry out the tasks. At the same time, waste must be avoided.

Recently, the Standing Committee of the Central Military Party Committee passed a resolution on the issue of economizing in the military. This is both a requirement and a strategic measure for overcoming the budgetary imbalance. We must economize in formulating policies and in implementing those policies and improve actual results in using budget funds. Capital expenditures are very limited, and if the existing funds are used improperly and ineffectively, there will be even less funds available. We must balance things and resolutely oppose doing things in a formal or showy manner in order to concentrate on the important tasks that will bring results.

Even though there are still many problems in 1995, it is hoped that with high resolve and great effort and with positive measures, our military's training will make new advances, achieve even better results, and actively contribute to improving the combat strength of the military.

Footnotes

1. Summary of speech given by Senior General Dao Dinh Luyen at the 1994 conference to summarize the 1994 all-military training work. Title by the editorial staff of TAP CHI QUOC PHONG TOAN DAN.

2. Extracted from a report by the Central Military Party Committee.

Australia

Evans Views UN Role in Peace Building

BK2804100795 Melbourne Radio Australia in English 0500 GMT 28 Apr 95

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says he differs with the United Nations Secretary General [UNSG] Butrus Butrus-Ghali about the UN's role in peace building. Senator Evans says the United Nations needs to be more actively try to prevent conflicts within and between nations before they happen. Stuart Heather reports that Sen. Evans has outlined his proposal to the Global Cultural Diversity Conference in Sydney.

[Begin recording] [Heather] The Australian foreign minister has told his audience, including senior UN officials, that tension involving disaffected minorities can be defused by creating political solutions, but he sees conflict prevention as a fundamental role for the United Nations. Sen. Evans says that although Dr. Butrus Butrus-Ghali confines peace building to situations after conflict has begun the UN should instead have long-term preventive strategies.

[Evans] It is absolutely clear in a world, where commitment and resources are always likely to fall short of aspirations, that it does make far more sense to concentrate efforts on peace building and other preventive strategies than on after-the-event peace restoration. [end recording]

Keating Offers Standby Troops to UN

LD2804091395 Melbourne Radio Australia in English 0800 GMT 28 Apr 95

[FBIS Transcribed Text] Australia says it will put military forces on standby to serve with the United Nations. Graeme Dobell reports that Australia's prime minister, Paul Keating, made the offer during talks in Canberra with UN Secretary-General Butrus Butrus-Ghali.

[Dobell] Mr. Keating's office said Australia would provide the UN with a list of available defense resources which could be requested by the world body, but Australia will retain the right to decide on a case-by-case basis whether to provide military forces for a particular operation.

The prime minister's office said 42 other countries, including the United States, had agreed to offer standby forces to the UN. The spokesman stressed that in agreeing to contribute to a standby list Australia was not agreeing to the very different idea of a standing UN force. Mr. Keating and Dr. [remainder of item indistinct]

Foreign Minister Comments on Ties With Vietnam

LD2804080495 Melbourne Radio Australia in English 0700 GMT 28 Apr 95

[FBIS Transcribed Text] Australia's Foreign Affairs Minister Gareth Evans has declined to say specifically whether Australia will resume defense ties with Vietnam.

The Australian Defense Department has confirmed that a uniformed officer of the Vietnamese Army visited Canberra last November. The visit of the colonel was paid for by Australia's Foreign Affairs Department and described as a private visit. During the trip the colonel attended a forum on regional security sponsored by the Australian National University and is understood to have met informally with Defense Department officials.

Senator Evans, speaking after his address to the United Nations Global Cultural Diversity Conference in Sydney, said Australia is renewing its ties with Vietnam, but the extent of the relationship is still to be determined.

[Begin Evans recording] Vietnam's a society in transition as are so many in the region and I think our relationship and our... [pauses] with Vietnam and our contribution to that transition process has been very helpful for both countries. [end recording]

Evans Laments Continued Tension in Burma

BK2804101095 Bangkok BUSINESS DAY in English 28 Apr 95 pp 1, 2

[FBIS Transcribed Text] Sydney—Australian foreign and trade minister Gareth Evans yesterday raised a conciliatory tone towards Myanmar's [Burma's] ruling military junta, while condemning as "repressive" the political environment it maintains.

He urged the international community not to rush to judgment on moves to political transformation of the country towards democracy, which he said required subtle encouragement and would not happen overnight.

In an exclusive interview with BUSINESS DAY covering regional issues, Mr Evans also said that Australia was prepared to act as a mediator to solve tensions in the South China Sea over the sovereignty of the Spratly Islands, territory currently in disputed between the Philippines and China.

"Australia will try to mediate if we are asked, we wouldn't want to thrust our way into an already very complicated picture," he said.

Referring to Myanmar, Mr Evans said change must result from "some reconciliation strategies" initiated by the Junta. This process was going to be long and slow, but nevertheless it was important the region and the international community back the process, he said.

"I think the democracy movement within Myanmar, and Aung San Suu Kyi herself, understands that. I don't think that there is any disposition except among the most dramatic to believe that there can be a 180-degree change of course overnight."

Mr Evans, however, lamented that the process of reconciliation within Myanmar had taken a turn for the worse over the past year.

He cited the military assault on the Karen, the breaking off of dialogue between the Slorc [State Law and Order Restoration Council] and Aung San Suu Kyi, and her prolonged detention over the last five years.

"Whether this is just a "two steps forward one-step backward" sort of a process or whether it has a larger significance would be hard to tell, Mr Evans said.

He added: "July is a very significant date because it is the last day that Madam Suu Kyi could be held under house arrest with any pretence of legal cover. After that you've got to change the law or just wave away the pretence."

The Myanmar question has been a stumbling block in meetings between Asean and the group's trading partners, a post ministerial meeting in Bangkok last year came up with a policy of setting benchmarks to measure the pace of political transformation in Myanmar. The benchmarks policy was seen by Asean and its dialog partners as a way of "moving forward in harmony, in unison, with common objectives".

Despite his seemingly conciliatory stance on the Slorc, Mr Evans minced no words in expressing disgust for that government's repressive regime.

"I am not one of those that believes that economic development necessarily requires an authoritarian political structure. I believe that political liberalization and economic liberalization can work in perfect harmony together, and that there are basic and fundamental values of decency and recognizing the dignity of individuals that transcend all these considerations. There really is no justification on the kind of repressive environment being maintained by the Burmese military."

Moving on to the Spratlys dispute, Mr Evans said Australia's position was that the conflicting claims of China and the Philippines should be resolved by diplomatic negotiations, not through the use of force or threats. "I hope that it would be possible to advance the negotiation in the period ahead. That's the only rational way out of this."

In February this year, the Philippines accused China of erecting permanent structures in areas within territory it claims as its own.

Mr Evans said the Chinese were probably surprised by the strength and unity of Asean reaction to Beijing's "testing of the waters" in the Spratlys. " I hope that the message has clearly got back to Beijing as a result."

The negotiation process, he said, would have to be multilateral in character. "There are so many other overlapping claims that to try and resolve the issues on a bilateral basis will not produce a satisfactory conclusion."

Turning to matters affecting the Asia-Pacific Economic Cooperation Forum (Apec), Mr Evans said negotiations leading to November's Osaka summit were proceeding satisfactorily. There should be a significant movement taking forward the goals and principles established in the Bogor Declaration.

He said a consensus position was beginning to emerge, and expressed confidence that "we car get there by November."

Apec needed progress on trade and investment issues because "they are really important to the business community". Harmonization produced "immediate returns in dollars and cents for businesses around the region and make them confident and supportive of the process."

Mr Evans said at the same time, progress was required at the base level, where "a whole variety of basic economic co-operation strategies" could develop human resources, help small and medium enterprises, and bring about technical co-operation.

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